THE TARIFF PRIMER

By

LEE FRANCIS LYBARGER

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Sincerely yours,
LEE FRANCIS LYBARGER.

TARIFF PRIMER

A GRAPHIC PRESENTATION
OF THE

FORDNEY-McCUMBER TARIFF

WHAT IT IS
HOW IT WORKS
WHOM IT BENEFITS

—BY—

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Illustrations by John H. Coakley

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DEDICATED

TO THE RIGHT

OF THOSE WHO LABOR

IN ALL LANDS AND CLIMES

TO SELL THE PRODUCTS OF THEIR LABOR

WHERE THEY CAN SELL THE DEAREST

AND BUY WITH THEIR WAGES

WHERE THEY CAN BUY

THE CHEAPEST

PREFACE

Can a people be enriched by their own taxation? That is the question now confronting the American people.

If a people can be enriched by the simple process of taking hundreds of millions of dollars annually out of the pockets of the *Many,* and pouring them into the huge pockets of the Privileged *Few*; then the Fordney-McCumber Tariff is the most beneficient piece of legislation in the History of the Republic. If it be true that a people can be prospered by so simple a method, then will the new Tariff lift our toiling millions out of the perils of penury and want, up into the happy realm of abundance.

Were the Tariff Issue so clear and definite as above stated, it would of course have disappeared long ago from our political history. No question about that. But it is not. On the contrary, it is an issue so complex and involved, so mixed up and confused by the multiplied relations sustained even by the average citizen in the complex financial and industrial life of today, that after generations of discussion, we know but little more about the Tariff than we did at the beginning.

The heroic and independent spirits of our "Sires of '76", would not have considered the toleration of so monstrous and extortionate a measure as the Fordney-McCumber Tariff for a single minute. Their fight was *against* Taxation: we fight *for* Taxation.

But the real facts in the case—and the dire consequences to the consuming public—were far easier to see then than they are today. Amidst the complexities of our modern civilization, the fact as to who *pays* and who *gets*—as to who are the Tariff's beneficiaries and who its victims—can now be disguised, confused and hidden in a thousand different ways.

The Author's interest in this subject began far back in boyhood days, when a student in the High School. More years of my life have been given to the study of the theory and the effects of a Protective Tariff—and of that universal thing, called Trade, which the Tariff seeks to obstruct—than to any other one problem connected with the general welfare.

Added to these years of study and investigation has been the advantage of presenting the Tariff to Lyceum and Chautauqua audiences—composed of men, women and children. Long ago, from this most valuable experience, I learned that the thing most needed by the people in order to understand just what the Tariff is, how it works, and whom it benefits, is not Argument but Analysis—a division into classes of the persons and things affected at each step in the unfolding of the problem.

The sole aim and purpose of the TARIFF PRIMER is to clarify and simplify the Tariff Issue. The method of working has been simply to analyze, and then classify in opposite groups, all the elements in each stage of the problem—taking them up carefully, just one at a time. A classification once made, or a principle once clearly established, is never abandoned. From the beginning to the end of the book I trust the reader will find that all the lines of reasoning run clear and straight. My endeavor has been to fully and logically *think out* each problem for itself; seeking always to find the *principle* involved, using details and statistics only for illustration.

Thus do we advance steadily from the first chapter to the last, following the definite plan of taking up and discussing just one thing at a time, always striving to so clearly and definitely state facts and conditions that the reader can *think them out* for himself—and find pleasure and entertainment in doing it.

The cartoons and illustrations have been carefully designed in order to give the reader the imagery, the mental pictures, the concrete symbols, absolutely necessary for the mastery of the subject. Realizing that at least 80% of all our knowledge comes thru the eyes, an abundance of charts and diagrams has also been used, based wholly on Official Government Statistics.

With all the vital questions and problems of the Tariff Issue clearly analyzed and definitely stated for the American people, this age-long superstition, this gigantic delusion that a people can be *enriched by their own taxation,* will go the way of all the other delusions and superstitions of the past.

Mifflinburg, Pa.
October 12, 1922.

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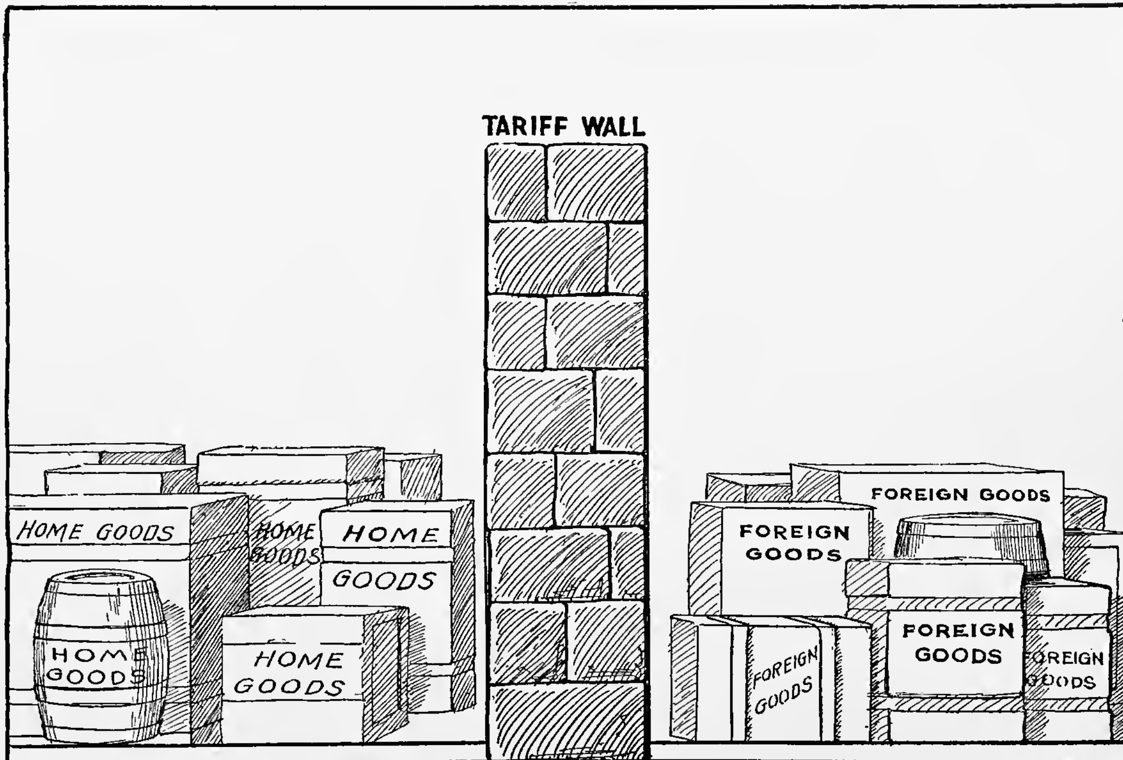
TARIFF WALL
HOME GOODS
HOME GOODS
HOME GOODS
HOME GOODS
HOME GOODS
FOREIGN GOODS
FOREIGN GOODS
FOREIGN GOODS
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FOREIGN GOODS

CHAPTER I.

HOME GOODS, FOREIGN GOODS AND THE TARIFF WALL

For untold centuries the word "foreign" has filled mankind with fear, because "foreigner" and "foe" meant the same thing. And the fear that there was some subtle danger, some hidden evil, even in "foreign goods" has continued through all the long and bloody centuries of war and hate and strife. This vague fear and indescribable dread of "foreign goods" still exists—and that, too, among so-called "civilized" nations. If this were not true, Protective Tariffs would have disappeared long ago with the other superstitions of the past.

On the opposite page our artist has given us the three elements essential to a complete discussion of the Tariff. In this picture we have the whole foundation of the subject. These three elements are: Home Goods, Foreign Goods, and the Tariff Wall between.

Radical and far-reaching as is the distinction which all nations make between Home Goods and Foreign Goods, and profoundly as does this distinction effect the economic welfare and happiness of all mankind, yet the reader needs to realize at the very outset that it rests upon nothing more permanent and substantial than national boundaries. On this boundary all Tariff Walls are built. National boundaries are wholly a matter of accident and chance, of whim and caprice, of war and treaty. As we learned in geography, national boundaries are not "natural" lines but "imaginary" lines drawn upon the surface of our earth.

The 49th parallel of latitude forms the larger part of the boundary which separates us from Canada. All products coming in from beyond that parallel are "foreign", and if allowed to come in "free" it is supposed would destroy our great agricultural interests. By all means wheat from Alberta must be kept out. For twenty-four years has Mr. Porter J. McCumber been defending North Dakota from the disasters of such an "invasion".

And yet the political slogan of an early Presidential campaign was: "54–40 or Fight!" They did not get either. But if the parallel of 54–40 had been established as our northern

boundary, the wheat fields of Alberta and of all northwestern Canada, would now pour their golden harvests into the granaries of Chicago and Minneapolis as freely as do the wheat fields of the Dakotas and Minnesota. What makes it injurious in the one case, but beneficial in the other? Merely the accidental location of a national boundary. Therefore, it is not the nature of the goods, or the character of the people producing them, but those "imaginary lines", called national boundaries, which divide all the products of human toil into Home Goods and Foreign Goods.

We are not the only people who have a Tariff Wall, though from Protectionists' speeches in Congress, one would infer that this is our distinctive and exclusive creation. There are as many Tariff Walls on this planet as there are Governments. Canada, Mexico, the Republics of Central America and the countries of South America—all have Tariff Walls. Crossing the ocean, Tariff Walls and lines of fortification mark the boundaries of all the countries of Europe. Every government on the continent of Africa is encircled by a Tariff Wall. The same is true of Asia, of the distant Orient, and of many of the islands of the sea. In short, wherever there is a Government on this earth there also is a Tariff Wall.

Nor is that all. "We the people of the United States", now have but *one* Tariff Wall. But before the formation of the Federal Constitution in 1789, each of the thirteen colonies had a Tariff Wall around it. Connecticut, Massachusetts, New York, Pennsylvania, North Carolina—all had Tariff Walls. Wherever there was a boundary line separating two colonies, there also was a Tariff Wall.

How history does persist in enacting over and over again its ancient follies! The same bickering and haggling and "log-rolling" which occupied the American Congress for nearly two years; also occupied the legislatures of the Colonies. Furthermore, the same "arguments" which seek to justify the existence of the *one* Tariff Wall around the entire Union of 48 states, would also justify the building of a Tariff Wall around each state. Therefore, if these "arguments" of Fordney, McCumber and their followers are true, then we should have 48 Tariff Walls instead of one!

In Europe, a century or so ago, there was a Tariff Wall around each county, principality, dukedom, and feudal estate. It is said that a French peasant in going from Versailles to Paris with his cartload of garden products had to pass through eigh-

teen Tariff Walls, paying toll at each wall, before he reached the gates of Paris—and still had one more toll to pay before he could get inside the Tariff Wall around that city! And so the idea is not modern. It is centuries old.

Senator Calder, of New York, recently claimed, before a labor audience, that the reason wages are higher in this country than in any other is because we have a Protective Tariff—implying, of course, that other countries have not. Nothing more ignorant or deceptive could possibly have been uttered. Whatever the reason, it is not this. Practically all countries on earth have a Protective Tariff. And statistics show that, as a general rule, the higher the Tariff the lower the wages of labor, and the more impoverished the people.

Thus do Tariff Walls, separating Home Goods from Foreign Goods, exist everywhere—and have existed for centuries. They are as universal as greed; as persistent as Selfishness and Plunder.

CHAPTER II.

MOTIVE THAT BUILDS TARIFF WALLS

In the lowest stages of human society all the products which enter into the food, clothing and shelter of the people of the tribe are found within the narrow circuit of their own immediate neighborhood. And nothing better indicates, the steps in the Intellectual Progress of the race than the ever increasing *distance*, over sea and land, from which their daily supplies are drawn. When we reach the highest civilization we find the articles consumed even by "the common people" are drawn from every country, zone and clime.

Thus does the March of Progress, through the instrumentality of International Trade, enable the humblest citizen or subject in any nation to levy upon the vast variety of products of every sea and land, of every mountain range, valley and plain of the whole round earth, to satisfy the hunger and needs of his life—unless prevented by a Tariff Wall.

Whoever would form a true mental picture of Trade must encompass the whole earth in his imagination. The comparatively few whose intellectual development makes such a vision possible, believe in Trade. The unnumbered millions whose narrow and provincial minds make a conception of such magnitude impossible, believe in Tariff Walls. It is all a matter of imagination, of mental capacity—of Intellectual Development.

Back of that towering Tariff Wall, in every nation—under every form of government—are two classes of people: The Producers of Home Goods and the Consumers of both Home and Foreign Goods. In this we have the Motive which in all lands and nations builds Tariff Walls.

It is quite natural for local Producers everywhere to object to this intrusion of Foreign Goods into the Home Market. And the cause of this universal—and we might say international—objection of all local Producers to the importation of Foreign Goods is easy to discover.

It is found in the fact that they must compete with these Foreign Goods in what they would like to consider *their own exclusive market.* And in order to compete they must *keep their prices* down to the prices of the Foreign Goods offered.

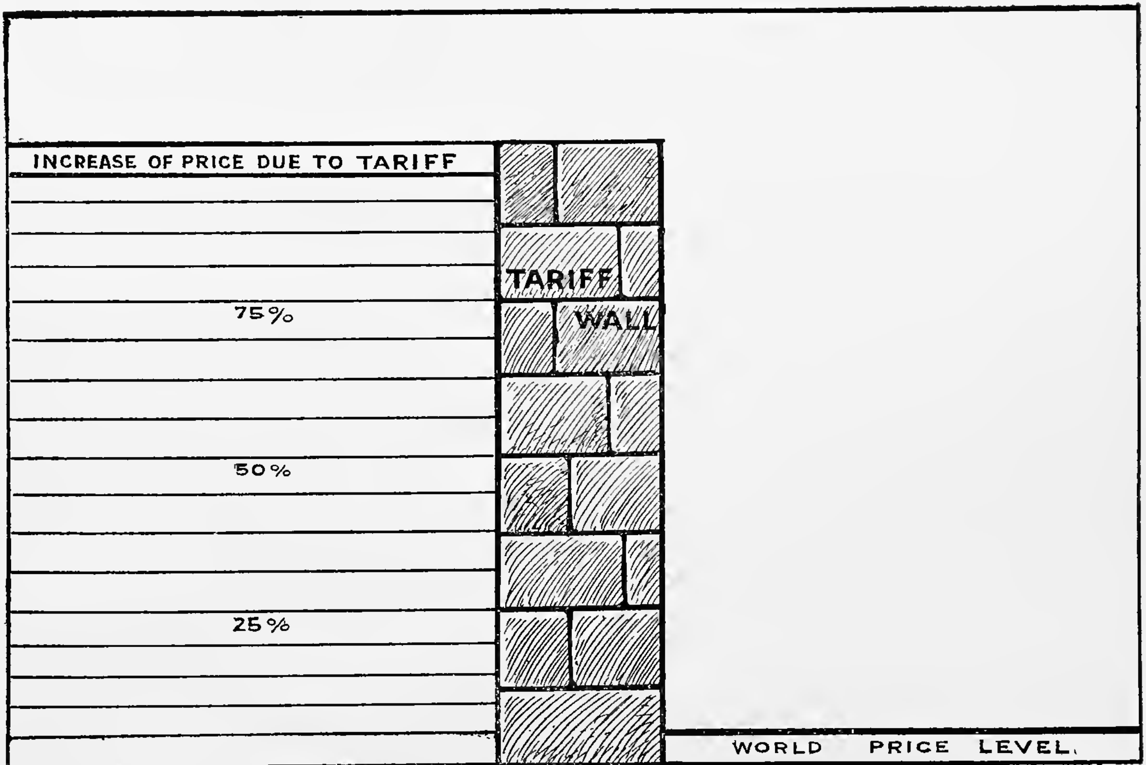
Otherwise, local consumers will naturally, and rightly, buy the Foreign Goods.

From this vital fact comes a clear vision of the purpose, the motive, the function, of a Tariff Wall: THE OBJECT IN BUILDING A TARIFF WALL AROUND ANY COUNTRY IS TO ENABLE LOCAL PRODUCERS OF CERTAIN PRODUCTS TO COMPEL THE LOCAL CONSUMERS OF THESE PRODUCTS TO PAY MORE FOR THEM THAN THEY WOULD HAVE TO PAY IN THE OPEN MARKET.

In other words, the Producer has carried his conflict with the Consumers of his products into the Halls of Congress. He has succeeded, by means of campaign contributions and other forms of "influence," in securing from Congress such laws—called Tariffs—as enable him to *compel* the consumers of his products to pay him more than they would otherwise have to pay—were it not for these laws.

When we reflect on the matter, however, we see that there is no more reason—in fact, there is not as much reason—why the Producer should have a law compelling the Consumers to pay him *more* than the Market Price for his products, than that Consumers should have a law enacted by Congress which would compel Producers to sell their products for *less* than the Market Price. Had you ever thought of that? If not, then here is a chance to do some real thinking for yourself.

You would not vote to build a Tariff Wall around your town, giving your merchants a monopoly of the Home Market; thus preventing you from going to any other town or city to buy any part of the necessities of life. Nor would you vote to build a Tariff Wall around your county, or even around your state. Since you demand an Open Market for the people of your town, an Open Market for the people of your county, and an Open Market for the people of your state, why do you not also demand an Open Market for the hundred and ten Million people of your nation?


INCREASE OF PRICE DUE TO TARIFF
75%
50%
25%
TARIFF
WALL
WORLD PRICE LEVEL.

CHAPTER III.

THE WORLD PRICE LEVEL AND THE TARIFF PRICE LEVEL

In the illustration on the opposite page, our artist has given us a symbol of the *machinery* which Congress has put into the hands of the Producer to enable him to get from the Consumer higher prices than the Consumer would have to pay in the open market. It shows how a Tariff Wall raises the PRICE LEVEL of the goods and products it "Protects." The illustration tells the whole story. Look it over and think it out for yourself.

These billions of dollars' worth of Foreign Goods which every year we ourselves demand, need and consume, flow directly across the ocean to our shores down at the WORLD PRICE LEVEL. There they are—down there. But we cannot get them—down there. Before we can reach them, or they reach us, they must flow up over the towering Tariff Wall—to the cost-plane of the TARIFF PRICE LEVEL.

All goods shipped to us from any part of the world—Europe, Asia, Africa, Canada, South America, Mexico, Australia—must pass thru one of the scores of Custom Houses along the boundary separating us from the rest of the world, be inspected by custom house officials, and a Tariff Tax levied on them—unless specifically exempted by being on the Free List.

Therefore, in each Custom House this Taxing Machinery must be set up and a separate Tariff Wall built for each class of articles, in order to compel us to purchase them—not at their normal price in the Open Market—but at the "Price Increased by the Tariff."

In order to thus systematically tax everything that labor has produced, our Tariff Makers—beginning as far back as 1883—have divided all material substances and products which satisfy the desires and needs of human life into Fourteen Classes—called Schedules.

There is absolutely no form of wealth which the genius of man has created, no product or invention which his skilled hands have fashioned, that does not fall within one of these Fourteen Schedules. A mere enumeration of their titles, together with a few items under each, will give the reader some conception of the vast multitude of products in the huge stream of life's necessities, which it is now proposed shall be made to pass over "the highest Tariff Wall in our history."

(1) A—CHEMICALS, OILS AND PAINTS: All forms of medicines and drugs, perfumes, floral waters, flavoring extracts, porous plaster, etc.

(2) B—EARTH, EARTHENWARE AND GLASSWARE: All forms of bricks and clays, crushed limestone, watch crystals, tiles, china ware, Portland cement, mirrors, plate glass, marble, spectacles, tombstones, etc.

(3) C—METALS AND MANUFACTURES OF METALS: Nuts, bolts and washers, nails, tacks and brads, corset steels, sewing machines, iron and aluminum ware, harness, saws, automobiles and parts, razors, watches, clocks, cutlery, etc.

(4) D—WOOD AND MANUFACTURES OF: Furniture, porch and window blinds, picket pailings, toothpicks, butchers' skewers, casks, coffins, clothes pins, etc.

(5) E—SUGAR AND MOLASSES: Cane sugar, beet sugar, maple sugar, syrups, candies and all other forms of confectionery.

(6) F—TOBACCO AND MANUFACTURES OF: Wrapper and filler tobaccos, smoking tobacco, cigars, cigarettes, chewing tobacco, etc.

(7) G—AGRICULTURAL PRODUCTS AND PROVISIONS: Live stock, meat, fish, vegetables, milk and cream, butter, cereals, fruits, nuts, flours, bread, preserves, seeds, etc.

(8) H—SPIRITS, WINES AND OTHER BEVERAGES: Brandy, cordials, malt extracts, soda water, mineral waters, cherry and fruit juices, etc.

(9) I—COTTON AND MANUFACTURES OF: Cotton staple, cotton yarns, sewing thread, tire fabrics, table covers, cotton gloves, cotton clothing, bedspreads, sheets and pillow cases, collars and cuffs, cotton cloth, cotton sheeting, pile fabrics, shoe strings, lace curtains, etc.

(10) J—JUTE, HEMP AND FLAX: Flax straw, fiber towels, bags and bagging, table damask, linoleum, floor oilcloth, sheeting, straw mattings, etc.

(11) K—WOOL AND MANUFACTURES OF: Wool and hair of sheep, goats, alpaca and like animals, wool yarn, blankets, robes, webbing, belts, hose, gloves, knit fabrics, underwear, all carpets and rugs, all clothing, wearing apparel, etc.

(12)L—SILK AND SILK GOODS: Sewing silk, plushes, velvets, ribbons, gloves, handkerchiefs, hosiery, underwear, all wearing apparel, all other silk manufactures.

(13)M—PAPER AND BOOKS: Printing paper, letter paper, carbon paper, wall paper, paper board, wrapping paper, books of all kinds, leather-bound books, photograph albums, all other manufactures of paper.

(14)N—SUNDRIES: Straw hats, tooth brushes, combs, all forms of buttons, all manufactures of leather, all embroideries and everything else not previously mentioned.

Look about you in your home. There is scarcely a single article on which the eye can fall that does not bear a Tariff Tax. Even your sewing machine has been taken off the Free List and given a Tariff Tax. There is a Tariff Tax on practically every article of food on your table. This is true also of your dishes, silverware, cutlery, napkins and tablecloth; as well as the table itself, the lighting fixtures above it, and the chairs upon which you sit. There is no article of clothing on your person down to the minutest detail which does not bear a Tariff Tax.

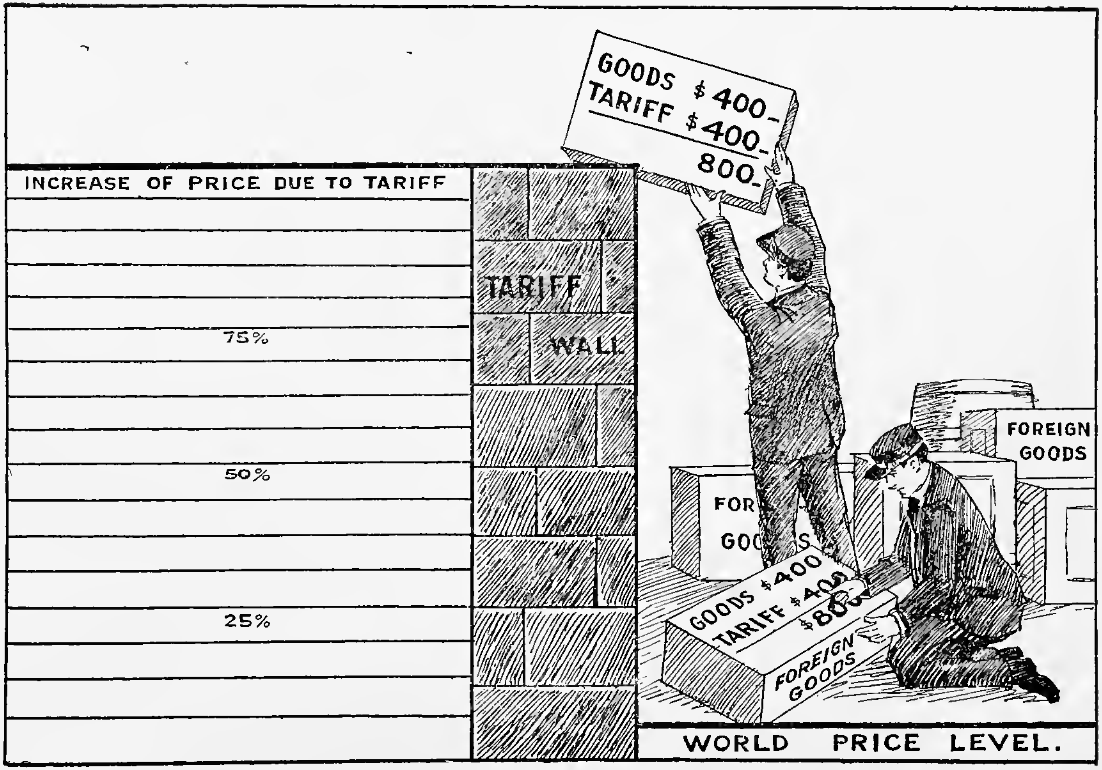
The same is true of the house itself and of all the furnishings, ornaments, and kitchen utensils which it contains—from the cement in the foundation, the carpets on the floor, the paper and pictures on the wall, the glass in the windows, the curtains and shades, the tile in the fire-place, on up to the nails in the shingles on the roof—all bear a Tariff Tax.

Some rhymester, with a keen sense of the humor and absurdity of the whole situation, has stated the case quite fully in poetic form:

"We are taxed on our clothing, our meat and our bread,
On our carpets and cupboard, our table and bed;
On our knives and our spoons, on our fuel and lights—
We are taxed so severely we can't sleep o'nights.

We are taxed on our hats, our shoes, and our shops,
On our blankets and stoves, our brooms and our mops;
On our rice and our sugar, and when we must die,
We'll be taxed on the coffin in which we shall lie.

We are taxed on all wants by Providence given,
We are taxed on the Bible which points us to Heaven;
And when we ascend to that heavenly goal,
They will if they can, put a tax on our Soul."


INCREASE OF PRICE DUE TO TARIFF
75%
50%
25%
TARIFF
WALL
GOODS $400-
TARIFF $400-
800-
GOODS $400
TARIFF $400
$800
FOREIGN GOODS
FOREIGN GOODS
WORLD PRICE LEVEL.

CHAPTER IV.

PUTTING FOREIGN GOODS OVER THE TARIFF WALL

The picture on the opposite page gives us a "snap shot" of the importer of Foreign Goods in the act of shifting the Tariff Tax over on the American Consumer.

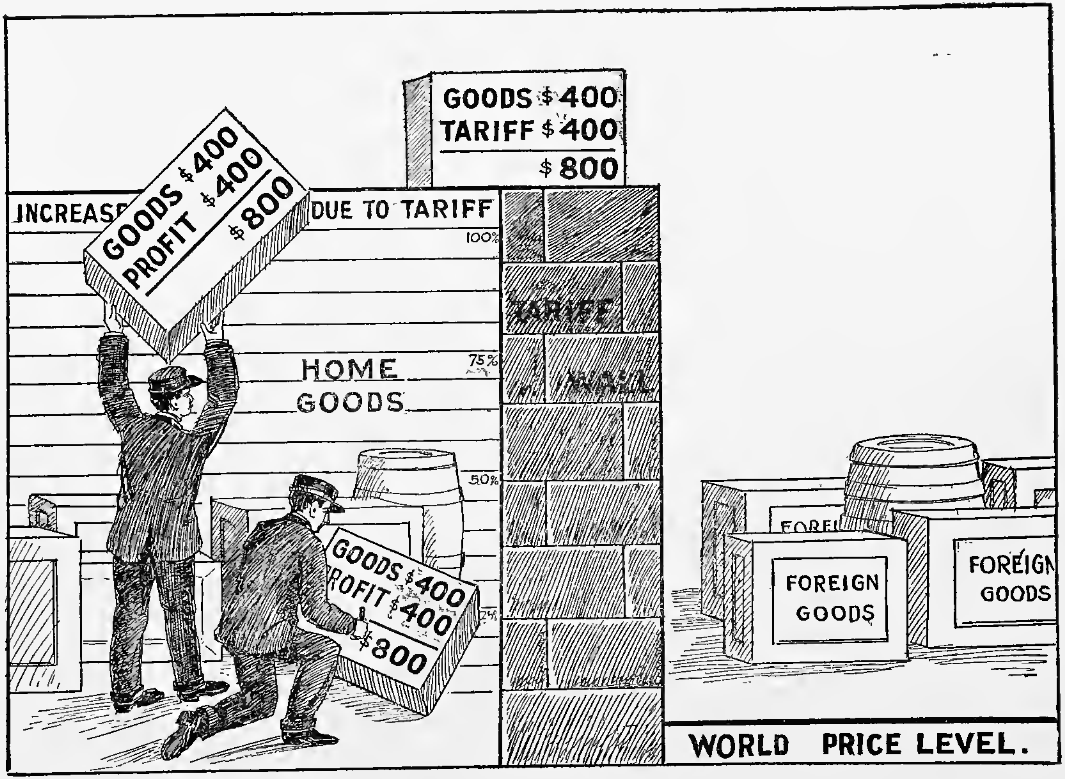
The Tariff Tax of 100%, which we have assumed our Government had levied on his goods, has already been paid by the importer. He had to pay that before he could land his goods. The foreign cost of his goods, by the time he gets them to our shores, is assumed to be $400 per package. Our importer now has $800 capital invested in each package—$400 in the goods and $400 more in the tariff on the goods.

Now what will he do? We know exactly what he will do. He will add the cost of the Tariff to the cost of the goods—making the price to us $800 instead of $400—and shove the goods over the wall. He will also add *two* profits—one on the goods, and the other on the tariff.

This process of shifting the cost of the tariff over on the Consumer holds to the last detail of the billions of dollars' worth of commodities which we annually import. In reference to each bill of goods, and each separate item imported, THE TARIFF TAX LEVIED BY THE GOVERNMENT IS PAID BY THE MERCHANT WHO BRINGS THE GOODS OVER—AND BY HIM IS ADDED TO THE COST OF THE GOODS—AND SO IS PAID BY THE CONSUMER OF THE GOODS.

Thus do we see that it is not the importer, but the Consumer, who pays the Tariff. And on scores of articles, under the new Profiteers' Tariff, the cost of the tariff will be higher than the cost of the goods. But it will not be listed on our bill as a separate item—so much for the goods, so much for the tariff. If this were done, the inordinate rates in the Fordney-McCumber Tariff would not last a month without producing a revolution. It is a secret, hidden mode of taxation. The people pay it without knowing that it is being paid. Fordney goes on Shakespeare's theory:

> "He who's robbed, but knows not of it,
> IS NOT ROBBED AT ALL."



GOODS $400
TARIFF $400
$800
INCREASE
DUE TO TARIFF
GOODS $400
PROFIT $400
$800
100%
75%
HOME
GOODS
50%
GOODS $400
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TARIFF
WALL
FOREIGN
GOODS
FOREIGN
GOODS
WORLD PRICE LEVEL.

CHAPTER V.

PRICE-FIXING INSIDE THE TARIFF WALL

Having shown that on the *outside* of our Tariff Wall the first act of those who bring over Foreign Goods is to add the cost of the tariff to the cost of the goods, our artist here shows us what is also taking place on the *inside* of the Tariff Wall. Therefore, no matter on which side of this towering structure you cast your gaze you behold the same little game—ADDING THE COST OF THE TARIFF TO THE COST OF THE GOODS.

THE ONLY OBJECT IN BUILDING A *PROTECTIVE* TARIFF WALL AROUND THIS COUNTRY IS TO INCREASE THE PRICE OF FOREIGN GOODS TO AMERICAN CONSUMERS, SO THAT THE AMERICAN PRODUCER CAN ALSO INCREASE THE PRICE OF HIS GOODS TO THESE SAME AMERICAN CONSUMERS.

If it were not for the fact that High Tariffs, by increasing the price of Foreign Goods to American people, also make possible a parallel increase of price in the competing Home Goods, THERE WOULD BE NO PROTECTIVE TARIFF WALL AROUND THIS COUNTRY, OR ANY OTHER COUNTRY.

Now let us get an exact, scientific statement of the *effects* of High Tariffs on these two classes of goods. It is this: First, High Tariffs *necessitate* an increase in price of the Foreign Goods on which they are levied. Second, they *make possible* an increase of price on similar Home Goods which compete with them. They *necessitate* the one—they *make possible* the other. And it is for the *sole purpose* of making possible an increase in the *selling price* of *Home Goods* that all Protective Tariff Laws are passed.

What other purpose could they have in levying such extortionate rates? They are not for the purpose of raising money for the Government. Low-rate Revenue Tariffs do that. Therefore, High Tariffs are levied solely for the purpose of raising revenue for private pockets. And to do this they must increase the price of Foreign Goods, thus making possible a parallel increase of price of the competing Home Goods.

During the framing of a Tariff Bill, Washington is over-run with the lobbyists and representatives of the different "inter-

ests." They present to those in charge of the bill a statement showing the percentage rate of increase which they desire to make in the selling price of their products to their American Consumers—and which increase they insist they must have in order to continue to do business. And this BECOMES THE TARIFF RATE ON THEIR FOREIGN COMPETITOR'S GOODS.

This gives us a broader and truer vision of the full significance of Protective Tariffs. We have already seen that the whole stream of Foreign Goods, amounting to some five billions annually, must go up over this towering Tariff Wall, with prices increased anywhere from 25% to 150%. Now we are called upon to form a still larger vision of that huge stream of Home Goods—more than ten times greater—which it is the purpose of the Fordney-McCumber Tariff to increase in cost to us JUST THE SAME AS IF THEY ALSO FLOWED OVER THE TARIFF WALL, SIDE BY SIDE WITH FOREIGN GOODS.

The illustration at the head of the chapter might be thought to imply that all commodities can be produced in this country as cheaply as they can be produced abroad. Hence the reason for marking the whole of the increased price of Foreign Goods, necessitated by our High Tariff Wall, as simply so much additional "profit" given to the Producers of similar Home Goods.

On the other hand, our Tariff Makers have assumed just the reverse. They have assumed that we can produce absolutely nothing in this country as cheaply as it can be produced in foreign lands. The proof that this is their supposition is found in the fact that they have put tariff rates—and on thousands of articles high tariff rates—on practically everything that is produced in this country—everything. Had you never thought of that?

Thus would Mr. Fordney and his followers have us believe that with all our supposed skill, knowledge, education, machinery and inventive genius; that with all our schools, colleges and universities; even the most ignorant, degraded, illiterate and unskilled laborers on earth can produce anything cheaper—and therefore more efficiently—than our own laborers can produce it. And for that reason, undersell us in our own markets. Some tribute to American Labor!

My answer is this: WHILE THERE ARE MANY COMMODITIES WHICH WE CANNOT PRODUCE AS CHEAPLY IN THIS COUNTRY AS THEY CAN BE PRODUCED ABROAD, THERE ARE VASTLY MORE COMMODITIES WHICH WE CAN PRODUCE, AND DO PRODUCE, MORE CHEAPLY THAN ANY

OTHER COUNTRY IN THE WORLD. Therefore, our artist's illustration is true as to *principle*, and holds as to detail in reference to the big majority of all our productions.

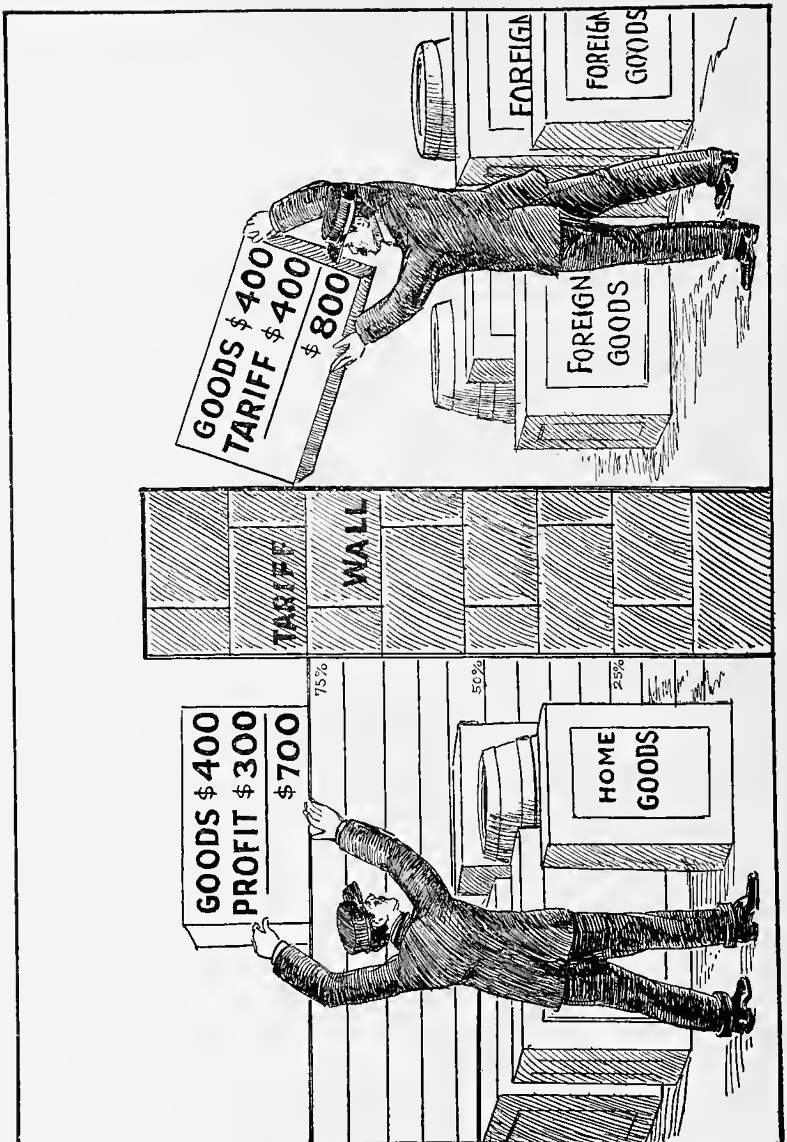
The proof of the above statement is found in the fact that we exported over $8,000,000,000 worth of goods during 1920. If we could not produce and undersell foreign competitors in their own market, they would not have bought these goods. But if we could undersell them in their own market—after paying the cost of transportation and the tariff in their country—surely we can undersell them here. No sane man will deny that.

A profound analysis thus enables us to divide all our productions into two distinct classes: (1) Those which we can produce more cheaply than we can buy from abroad. (2) Those which we cannot produce as cheaply as we can buy them; and, therefore, which we cannot produce at all without the aid of a Protective Tariff.

The question in reference to the first class of productions can have but one answer: THE ADDED PRICE WHICH THE TARIFF MAKES IT POSSIBLE FOR THEIR PRODUCERS TO GET FROM US IS SIMPLY A BOUNTY, A BONUS. It is tribute, graft, plunder—extortion. No man or woman with any intellectual pride will deny that proposition.

But what shall we say of that second class of goods and products which I myself claim, or admit, can *not* be produced in this country without the aid of a Protective Tariff? To this also there can be but one answer: ANY LINE OF GOODS OR PRODUCTS WHICH CANNOT BE PRODUCED IN THIS COUNTRY WITHOUT THE AID OF A PROTECTIVE TARIFF—OUGHT NOT TO BE PRODUCED AT ALL. And that for the reason that all such goods and products *are produced at an absolute economic and financial loss to the country.*

To illustrate, the same amount of labor expended in Louisiana in producing corn, cotton or any other "native" product, and *traded* for sugar, would give far more sugar than it now gives by producing sugar direct. Thus by means of Protective Tariffs we are diverting labor to the least productive sources, instead of employing it in the most productive sources. This unfortunate experiment of trying to produce a Tropical plant in the Temperate Zone has been an economic loss of billions of dollars to the American people. And in the new Tariff the stage is again set for the Sugar Trust to collect hundreds of millions more.


GOODS $400
PROFIT $300
$700
75%
50%
25%
HOME GOODS
TARIFF WALL
GOODS $400
TARIFF $400
$800
FOREIGN GOODS
FOREIGN GOODS
FOREIGN

CHAPTER VI.

Monopolizing the Home Market

In the picture on the opposite page our artist has given us a new situation, one in which the American Producer does *not* increase the cost of his goods to the full extent that the Tariff has increased the cost of his foreign competitor's goods.

In doing this he shows us how the American Producer, by getting a Tariff Wall high enough, can make huge profits and still undersell his foreign competitor—and thus establish a monopoly of the Home Market for his own products.

In the last picture we saw the American Producer marking up the price of his goods to Consumers to an equality in price with his foreign competitor's goods, thus placing Home Goods up on the Tariff Price Level side by side with Foreign Goods. In the present illustration he takes just the opposite course.

These two drawings graphically picture to us the two possible alternatives, which a Tariff Wall presents to favored Producers in every country. In the first alternative, prices of Home Goods are boosted clear to the top of the wall. While by this course they will supply only *a part* of the local demand—the rest being supplied with Foreign Goods—THEY WILL GET MORE FOR WHAT THEY DO SELL.

The second alternative is that of taking advantage of only *a part* of the increase of price which a High Tariff makes possible. In the illustration, the Tariff Wall raised the price of a given foreign product from $400 to $800. The American Producer, by raising his price to only $700, keeps the Foreign Goods out, and establishes a monopoly of the Home Market. WHILE MAKING A LESS PROFIT ON EACH INDIVIDUAL SALE, yet he has the supplying of the entire home demand for himself.

Even for the lower prices at which manufacturers must sell their products in the Home Market, in order to "corner" this market, THEY HAVE A REMEDY, and a good one. This explains the terrific and disgraceful scramble at Washington during the pending of a Tariff Bill to secure high rates.

The instructions of the Big Interests to the representatives they are sending to Washington during the framing of a Tariff Bill is to this effect: "Get the tariff high enough on our for-

eign competitor's goods. Make sure of that. Then we can raise prices as high as the people can possibly pay, and still hold a monopoly of the Home Market." Therefore, even tho *selling* under the foreign price increased by the Tariff, they can still get from the people "ALL THAT THE TRAFFIC WILL BEAR."

It makes no difference to us, the Consumers, which course is taken. Either one permits the forming of Trusts and Combines. In order to raise the price of Home Goods up to the cost of Foreign Goods on the Tariff Price Level, combinations and "gentlemen's agreements" must be made to prevent competition among themselves—and thus keep prices up. NO TARIFF WALL CAN LONG BENEFIT ANY INDUSTRY WITHOUT THE AID OF TRUSTS AND MONOPOLIES.

Therefore, if the Producers of any "protected" product are unable to "get-together" and form Trusts and Combines—as is particularly true of the millions engaged in agriculture—then local competition among themselves will hold the price of their product down to the same general level that would exist IF THERE WERE NO TARIFF WALL. Thus are Tariffs and Trusts inseparable. The Tariff makes the Trust possible—the Trust makes the Tariff useful.

Mr. Fordney has asserted, over and over again, that he is not seeking to establish a Monopolistic Tariff, but a Competitive Tariff. In saying this Mr. Fordney shows himself to be either an ignoramus in economics or a demagog. The reader may choose whichever term seems the more charitable.

Why do I say this? Because to make a Tariff Bill "competitive"—with average rates of between 60% and 70%—depends not on Mr. Fordney, but on American Producers taking full advantage of the *price-fixing* opportunities which he has so liberally given them; by so marking up the price of their goods as to place them on an equality with Foreign Goods at the Tariff Price Level. Then the cost of either will be exactly the same to us. That alone would make a "competitive" Tariff.

However, if that were done, two very surprising things would happen. First, not only will FOREIGN GOODS be increased to us the full extent of the tariff rates on them, but the volume of HOME GOODS, ten times greater, will *also* be increased in cost to us the full extent that the Tariff Wall increased the cost of Foreign Goods. And the higher the tariff rates, the higher will be the price of Home Goods. Some contribution to old H. C. L.

And yet Fordney, McCumber and their followers have repeatedly claimed that their tariff WILL NOT INCREASE THE COST OF HOME GOODS. Let us see if it would not. To make it a "competitive" tariff Foreign Goods must *come in*. That much is certain. But they cannot come in unless Home Goods are marked up to an *equality of price* with them; so that whether we buy Foreign Goods or Home Goods, we must get both up on the Tariff Price Level—at the same cost to us. Therefore, THE ONLY WAY NORMAL COMPETITION CAN BE RESTORED BETWEEN US AND FOREIGN COUNTRIES, UNDER THE MONSTROUS AND "UNCONSCIONABLE" RATES IN THE FORDNEY-MCCUMBER TARIFF, IS TO ENORMOUSLY INCREASE THE COSTS OF ALL DOMESTIC PRODUCTS TO THE AMERICAN PEOPLE.

In the second place, if Mr. Fordney's Tariff is what he claims it is—a Competitive Tariff—Foreign Goods would still come in. But he also claims that foreign importations THROW AMERICAN LABOR OUT OF EMPLOYMENT. If this Tariff allows Foreign Goods to come in, which it must do in order to be a Competitive Tariff, instead of a Prohibitive Tariff, then it will also throw labor out of employment just the same as he claimed the Underwood Tariff did. The only difference would be that under his Tariff labor will have to pay far more for the necessities of life than it did under the Underwood Tariff. So labor will gain nothing in the way of employment, but will lose tremendously by having to pay vastly more for the necessities of life!

CHAPTER VII.

How Much is the Tariff Tax?

Your state and county tax runs only so many mills on the dollar for each different item. When it gets as high as three cents on the dollar you begin to protest. You know there is extravagance somewhere. Three cents on the dollar is only 3%. The Tariff Tax on any article is seldom less than 25%. That is eight times as much. In many cases your Tariff Tax is twenty-five times as much as your state and county tax. Think of it. And yet you grumble at the one, but are in favor of the other. You know that the one is a burden. But somehow you have the idea that a Tax Twenty-five Times Greater Is a Blessing!

While the tariff rate usually begins at 25%, it does not end there. It goes to 35%, 50%, 60%, 80%, 100%. It goes even beyond this to 125%, and on up to 200%—and more. The Payne-Aldrich Tariff of 1909 had an average rate on all articles of about 60%. Before his death, Senator Penrose, then Chairman of the Senate Finance Committee, is reported to have said that some of the rates in the Fordney Tariff Bill, which had just passed the House, would go as high as 800%.

There are two classes of Tariff duties: Specific and Ad Valorum. The latter means "according to value." For instance, the McKinley Tariff of 1890 levied an ad valorum duty of 50% on women's and children's dress goods, 60% on ready-made clothing and wearing apparel, 60% on webbings, beltings and ribbons. On Ambussen, Saxony and Brussels carpets, 40%. On woolen cloths—worth more than 40c per pound—50%. Nearly all of these rates were continued by the Dingley and the Payne-Aldrich Tariffs, and now by the Fordney-McCumber Tariff.

A Specific Duty is levied, not "according to value", but according to *quantity*. For instance, the Tariff of 1872 laid a specific duty of $28 per ton on steel rails! On the articles above mentioned, the McKinley Tariff laid a specific duty of 12c a yard on women's and children's dress goods, 50c a pound on ready-made clothing, 60c a pound on webbings, beltings and ribbons, 60c a square yard on Ambusson and Saxony car-

pets, 44c per square yard on Brussels carpet and 44c a square yard on all woolen cloths worth over 40c a pound.

Both duties are used on hundreds of articles. When so used they are called Compound Duties. In the McKinley Tariff, the Compound Duties on women's and children's dress goods, gave a total tariff rate of 104%; on ready-made clothing and wearing apparel, 80%; on webbings, beltings, ribbons, etc., 94%; on Ambusson and Saxony carpets, 69%; on Brussels carpets, 81%; and on woolen cloth mentioned above, 143%. These rates were largely preserved in the Dingley Tariff of 1897 and most of them were increased in the Payne-Aldrich Tariff of 1909, while the rates in the latter tariff have been perpetuated, and many of them increased, by the Fordney-McCumber Tariff.

As showing still further the effects of compound duties, the McKinley Tariff imposed a total duty of 112% on cheap woolen yarns, 108% on cheap woolen blankets, 130% on worsted goods, 138% on cheap knit goods, and on the lowest grade of pearl buttons, 280%.

The effect of compound duties is to put the highest tariff rates on the cheapest goods, thus throwing the great burden of Tariff Taxation on the toiling masses of any country. The explanation is clear. For instance, if the ingrain carpets, with a specific duty of 22c per square yard, have a foreign value of only 22c per square yard, then the poorer classes who must buy the cheaper grades would be paying a hundred per cent. on the specific duty alone. To this was added a 40% ad valorum duty. It is estimated that the specific duty of 31c per pound in the Fordney-McCumber Tariff on scoured wool, will make a tariff rate of 137% on some of the cheaper grades of wool.

Before the war our total dye bill was $15,000,000. That is, we used only $15,000,000 worth of dye each year in this country. When the importations of dye from Germany were stopped, we started to manufacture our own dyes, and the Dye Interests in this country made $150,000,000 profit on four dyes alone in six years. In other words, their profit on four dyes in six years was ten times our yearly dye bill before the war. The multi-millionaires back of the Dye Monopoly, fought for two years to secure an absolute embargo. They failed in this, but got a Compound Duty of 7 cents a pound, plus 60%—American Valuation—which practically amounts to an embargo. Nothing in the "Tariff of Abomination" of 1829 can compare to that. There is but little hope for the future of a people who would tolerate such an outrage on human rights!

To be brief, the Fordney-McCumber Tariff has perpetuated, and increased, the extortionate rates of the McKinley Tariff and of the Payne-Aldrich, both of which were overwhelmingly defeated at the polls in the first elections which followed.

It is estimated that the Fordney Tariff will enable the Big Interests to take out of the pockets of the people of one single state—New York—a tribute amounting to $330,000,000!

In the New York World of September 22, the day following the signing by President Harding of the Fordney-McCumber Tariff, I find a very compact summing up of the total cost to the American people of the new Tariff Tax. The article is as follows:

> "WASHINGTON, Sept. 21.—Every American family will pay an average of $160 a year more for clothes, food and other necessities because of the Fordney-McCumber Tariff bill, Treasury experts said today. Although the total cost of living will be increased by $4,000,000,000,the bill carries a new provision authorizing the President to increase the rates 50%. if he desires.
>
> Of the total protection of $6,500,000,000, only $230,000,000 will be paid into the Treasury and the rest will go to the favored interests, according to the experts.
>
> The following is the estimated amount of protection on principal products:
>
> Cement, pottery, chinaware, $214,000,000; steel and other metals, $1,148,000,000; wood, furniture, lumber, $297,000,000; sugar, confectionery, $333,000,000; tobacco, $429,000,000; food, agricultural products, $1,233,000,000; cotton goods, $807,000,000; wool clothing, $760,000,000; silk and silk goods, $326,000,000."

The consensus of opinion, to sum it all up, is that the Fordney-McCumber Tariff will increase the cost of life's necessities to the American people about $4,000,000,000 annually.

Thus do we hope to enrich ourselves by our own taxation—and by the most elaborate, detailed and burdensome system of taxation the world has ever known. How such a hope should have gotten possession of the brain of an enlightened people is beyond human comprehension. Other people have fought and died to *prevent* taxation. We fight to *obtain* it. Other people have declared it life's greatest burden. We regard it as the richest of blessings. Other people have risen in insurrection to prevent the tax rate from being *raised.* We express fear and alarm at the mere prospect of the Tariff Tax being *lowered.*

CHAPTER VIII.

Where the Tariff Costs More Than the Goods

The reader is probably astounded at the suggestion repeatedly made that on scores of articles the tariff costs more than the goods; hence that MORE THAN HALF OF THE CONSUMER'S MONEY GOES, NOT FOR THE GOODS, BUT FOR THE TARIFF ON THE GOODS.

The custom house records of the past fifty years are strewn with such illustrations. I shall select only a few from a volume issued by the Government entitled "Imports and Duties, 1894–1907," page 889. I shall give the number of the table in which the reader will find the facts and figures as here set down. If *facts* can convince you then you are going to be convinced.

YARNS, MADE WHOLLY OR IN PART OF WOOL

(Act of 1897)

Table No. 3562.—Value not more than 30 cents per pound.

Year	Foreign cost of goods	Cost of tariff on goods	Total cost to Consumer	Rate of tariff Tax
1898	$1,962.30	$2,803.10	$4,765.40	142%
1899	997.30	1,770.87	2,768.17	177%
1900	206.78	352.07	558.85	170%

Table No. 3563.—Value more than 30 cents per pound.

Year	Foreign cost of goods	Cost of tariff on goods	Total cost to Consumer	Rate of tariff Tax
1898	$ 89,004.10	$ 93,040.84	$182,044.94	104%
1899	128,296.06	131,292.96	259,589.02	102%

CLOTHS, WOOLEN OR WORSTED

Table No. 3588.—Value more than 30 cents per pound

Year	Foreign cost of goods	Cost of tariff on goods	Total cost to Consumer	Rate of tariff Tax
1894	$3,323.00	$5,345.63	$8,608.63	161%
1895	3,870.00	6,384.81	10,254.81	165%

Table No. 3589.—Value more than 30 cents and not more than 40 cents per pound

Year	Foreign cost of goods	Cost of tariff on goods	Total cost to Consumer	Rate of tariff Tax
1894	$66,775.00	$97,312.01	$164,087.01	146%
1895	23,530.00	35,794.51	59,324.51	152%

DRESS GOODS, WOMEN'S AND CHILDREN'S LININGS, ETC.

Table No. 3612.—Value not more than 40 cents per pound

Year	Foreign cost of goods	Cost of tariff on goods	Total cost to Consumer	Rate of tariff Tax
1898	$1,420.00	$2,268.59	$3,688.59	159%
1902	1,094.00	1,640.62	2,754.62	149%
1905	368.00	579.67	947.67	157%
1906	265.00	444.35	709.35	167%

PLUSHES AND OTHER PILE FABRICS

Table No. 3641.—Value not more than 40 cents per pound

Year	Foreign cost of goods	Cost of tariff on goods	Total cost to Consumer	Rate of tariff Tax
1898	$ 89.00	$162.64	$251.64	183%

BLANKETS

Table No. 3571.—Value not more than 40 cents per pound

Year	Foreign cost of goods	Cost of tariff on goods	Total cost to Consumer	Rate of tariff Tax
1903	$ 371.00	$ 677.86	$1,048.86	183%
1904	1,016.00	1,447.51	2,463.51	142%
1905	507.00	807.74	1,314.74	159%
1906	561.50	1,013.68	1,575.18	180%

Enough has been given to show at least the basis of the conclusion which every honest and enlightened thinker must reach in reference to "protection," and that conclusion is that it is THE MOST COLOSSAL AND OPPRESSIVE SCHEME OF PLUNDER WHICH THE GREED, CUPIDITY AND BRUTE SELFISHNESS OF MAN EVER CONCEIVED. It has taken its millions and hundreds of millions out of the pockets of those whose poverty compels them to purchase the cheapest quality of goods. This is one of the mighty reasons why the millions are poor. They have been plundered into poverty by a long line of thieving Tariffs.

You will observe, for example, that in "yarns, made wholly or in part of wool," the tariff rates on those having a value of 30 cents, or less, go as high as 177%; while those having a value of *over* 30 cents a pound, have tariff rates of only 104%. The 104% is paid by those in comfortable circumstances, while the 177% Tariff Tax is paid by the poorest of our poor. This scheme of putting the highest Tariff on the cheapest goods will apply to the Fordney-McCumber Bill the same as it did to the McKinley, the Dingley and the Payne-Aldrich.

I can see how such an economic policy could, and does, plunder, impoverish and despoil the multiplied millions of our own countrymen who must consume the cheaper grades of goods. But I cannot see how it can enrich them. I cannot see how it can lessen their burden of toil by increasing the cost of their necessities of life. Can you?

Any policy which makes it possible, even in a single instance, to take from the toiling masses MORE THAN HALF of what they expend for the necessities of life to pay the Tariff on these necessities, deserves the righteous wrath and condemnation of any so-called "free" people. If it really be true that people are "prospered" by being plundered, then great should be the prosperity of the toiling multitudes of America!

CHAPTER IX.

Does the "Foreigner" Pay the Tariff?

For generations Protectionists have used as one of their vital arguments to defend their acts in increasing the cost of the necessities of life that "The Foreigner Pays the Tariff". When the people would protest against exorbitant tariff rates, the answer was, "What does it matter to you? The foreigner pays the tax." Nor did this baseless subterfuge originate in this country. It was used in England long before the "Repeal of the Corn Laws" in 1846, and is still employed by Protectionists in Europe.

The suggestion that "The foreigner pays the tax" has a deeper significance even than appears on the surface. It is a vague suggestion that the people of one country, by means of the Tariff, can tax the people of another country; and thus compel them to pay the expense of the government of the people levying the Tariff. The idea dates back to foreign wars and conquests. It is the old thirst to tax and plunder "foreign" nations.

For example, Senator McCumber gave this as his excuse for levying a preposterous rate on some product: "We have taxed the people all they can pay with our income tax, corporation tax, etc. We still need more revenue. And so I thought I would collect the extra amount needed at the *custom house.*" The implication being that these "extra millions" would not come out of *our* pockets, but out of the pockets of the "foreigners." This belief is universal.

When a college student at Akron, Ohio, I heard William McKinley give expression to this remarkable proposition—and yet one that has been repeated in various forms in every Tariff Debate in Congress, and in every political campaign in which the Tariff was an issue. In an impassioned climax he said: "I Am Opposed to Taxing Our Own People to Meet the Expense of Our Government So Long As There Are Foreign People to Be Taxed." The suggestion was greeted with tremendous applause! It was evidently regarded as a noble sentiment and the expression of real statesmanship. And yet, just as a matter of fact, he would not have done this

if he could, because of the low morals involved; and could not if he would.

However, Mr. Fordney—of whom we can say what Macaulay said of George, the Third: "He never learned anything nor forgot anything"—made this ignorant statement: MY CONTENTION IS—AND I BELIEVE TIME HAS PROVEN IT—THAT A PROTECTIVE TARIFF ON THE IMPORTED ARTICLE IS *NOT* A TAX IMPOSED ON THE CONSUMER. NINE-TENTHS OF THE DUTY IS PAID BY THE FOREIGNER."

In the illustration used by our artist it was assumed that the cost of the goods to the merchant who brought them over—whether he was an American or a foreigner matters not in the least—was $400. Upon this we assumed a tariff tax of $400. That made the total cost to him of the goods up to that point, $800. Now the question is: did he sell those goods in this country on the basis of $400 only? If so, then he himself paid the Tariff Tax and did *not* pass it on to us. But if he *added the cost of the Tariff to the cost of the goods*—and we know as a matter of every-day experience that he did—then *we* paid it.

Let us get a clear understanding of just what the issue is. I gave one item in the last chapter from the records of the U. S. Custom House, in 1898, in which the original cost of the goods was $89. Upon this our government levied a Tariff Tax of $162.64. Now suppose that this goods was imported by our distinguished "Merchant Prince", Mr. John Wanamaker, of Philadelphia. The question is this: At what price, plus his profit, did Mr. Wanamaker sell these goods to his patrons? Did he sell them for $89. Or did he sell them for $251.64? Which price do *you* think he charged? If the first, then it evidently would have been more profitable for him to have made us a present of the goods, but charged us for the Tariff!

In addition, we know that he added his profit not on the $89, but on the $251.64. That is, we pay two profits—one on the Goods and the other on the Tariff. And each succeeding pair of hands thru which they pass will keep on "pyramiding" the profit on the Tariff as well as on the goods.

Or if John Wanamaker did not bring them over, but bought them direct from the importer, how could the importer sell them to John Wanamaker for $89? Aside from what he paid for these goods, he paid $162.64 tariff on them. But if Mr. Wanamaker paid the importer $251.64 for the goods, we know that he did not sell them to the public for $89. Nothing more ignorant or absurd was ever attempted to be palmed off on the

credulity of mankind. The proposition that "the foreigner pays the tariff" stultifies the intelligence of any man or woman who makes it.

Furthermore, in saying that *"nine-tenths of the duty is paid by the foreigners,"* Mr. Fordney did not realize that if what he said were really true, IT WOULD DESTROY HIS WHOLE SYSTEM OF PROTECTION. It would make all his work in building a High Tariff Wall useless, and his promise of benefiting the farmers and laborers of this country nothing more than empty air.

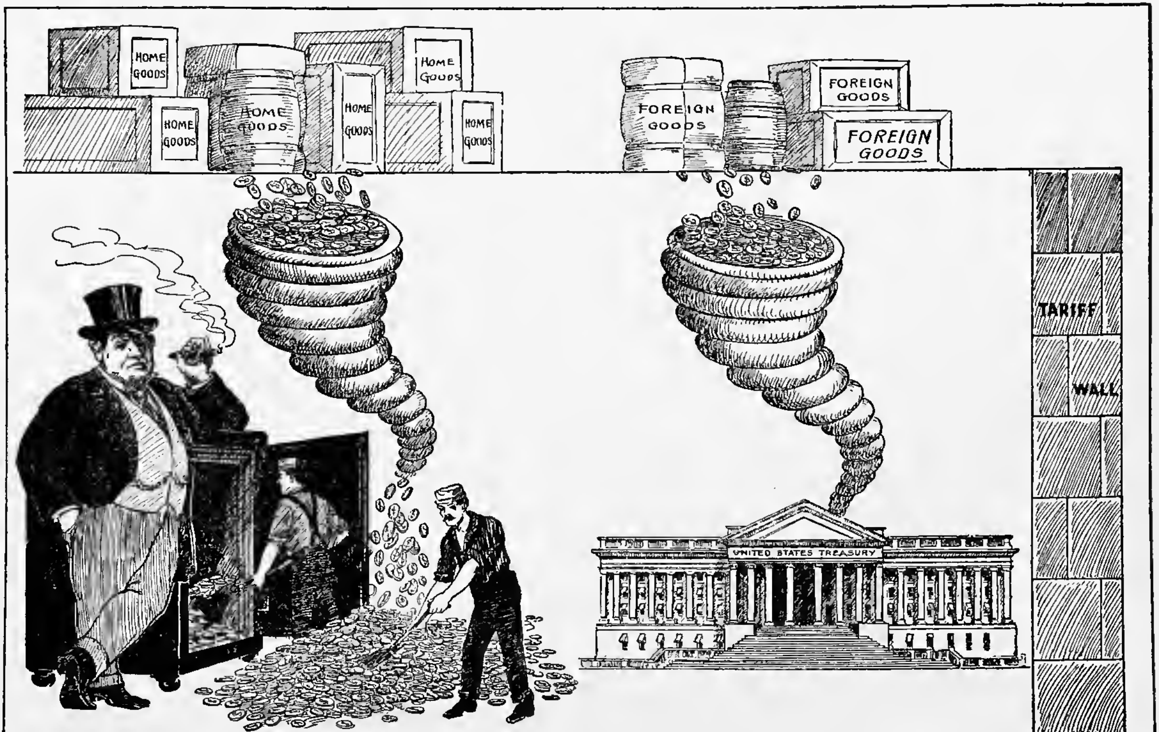
Now let me prove this proposition to you.

Referring to the illustration on page . If the importer did *not* add the cost of the tariff to the cost of the goods,then they would sell right here in our markets, not at $800, as the artist has indicated, but at only $400—*their foreign cost.* In other words, they would be sold just as "cheap" to us as they would if Mr. Fordney and his associates had not spent nearly two years in building their Tariff Wall.

Therefore, the only way his High Tariff, "the highest in our history," will benefit American Producers is by the "foreigner" *not* paying the Tariff Tax. Or, rather—to be more exact—by his paying it *first,* and then ADDING THE COST OF THE TARIFF TO THE COST OF THE GOODS.

Here, then, is a gigantic contradiction. Either the importer does add the cost of the tariff to the cost of the goods—or he does not. If he does *not*, then it will yield no "protection." In other words, it would yield revenue for the Government, but none for Private Pockets. That would make it purely a Revenue Tariff. But Mr. Fordney has been trying to build a *Protective* Tariff. Heaven knows he has built it high enough to make it "protect." Now is he about to be foiled in his purpose by having the "foreigner" *do* the very thing which Fordney says he does do? And yet his work is useless unless the high rates he has levied on Foreign Goods are actually ADDED TO THEIR COST when sold to American Consumers—thus making possible a parallel increase of price in the competing Home Goods.

On the other hand, if the cost of the tariff is added to the Cost of the Foreign Goods—and we know that it is even if Mr. Fordney does not—in order to make possible a parallel increase of price in the competing Home Goods—THEN THE WHOLE CONSUMING PUBLIC MUST PAY THE TARIFF ON FOREIGN GOODS—the higher the tariff rates the more they will have to pay. And this same consuming public will have to pay the "Price increased by the Tariff" on the ten-fold greater volume of Home Goods.


HOME GOODS
HOME GOODS
HOME GOODS
HOME GOODS
HOME GOODS
HOME GOODS
FOREIGN GOODS
FOREIGN GOODS
FOREIGN GOODS
UNITED STATES TREASURY
TARIFF
WALL

CHAPTER X.

Two Streams of Revenue

Who Gets the Increased Price of the Necessities of Life Which the Tariff Produces? Our artist has clearly answered the question on the opposite page. You can see the answer with your own eyes. No man on earth can deny the facts there pictured.

As he has shown us, the answer is this: The Increased Price of Foreign Goods, Due to the Tariff, Goes Directly into the Public Treasury. The Increased Price of Home Goods, Due to the Tariff on Foreign Goods, Goes into Private Pockets.

Thus while a Revenue Tariff raises revenue for the Government, a Protective Tariff raises revenue for Private Pockets—and for these *only*. In other words, the Revenue Branch of the Tariff goes to the Government. The Protective Branch of the Tariff goes into Private Pockets. Not some of it, but all of it, goes into Private Pockets. Your mind must be absolutely satisfied on that point.

Therefore, when we are considering the matter of raising revenue for the support of the Government, we are dealing wholly with a Revenue Tariff. It is only when we are planning and scheming to raise revenue for the support and enrichment of *Private Individuals* that we give our thought to a Protective Tariff. Get this: The One and Only Purpose of a Protective Tariff Is To Raise Revenue for Private Pockets.

Now that part of the increased cost of life's necessities, due to the Tariff, which goes to the Government, is justified. But what is the justification of the part which flows directly into private pockets? By what right are we taxed for the support and enrichment of private individuals? Unless you can justify that, you cannot justify a Protective Tariff. That is what it is for—and all that it is for.

It is safe to say that the most bigoted, partisan and hidebound Protectionist is such only because he *does not know* that the thing for which all his life he has been voting, is simply A System of Private Taxation Publicly Enforced.

To consider the merits of Protection we must consider it wholly independent of the Government's need for revenue. Aye, more than that. If there were no need for public revenue, if governments had no expenses whatever to be met; still if Protection be right—if certain Producers are "entitled" to get higher prices for their products than they can get in the Open Market—then it would justify levying a tax for the support of these private individuals. But would you favor it?

You would not only *vote* against it, but you would *fight* against it. You would shoulder a musket and swear that you would shed your last drop of blood before such a law should be fastened on you and your children. If you did not, you would be unworthy to be called an American. And yet that is exactly what the Protective Branch of the Tariff is for, and all that it is for—TO TAX ALL THE PEOPLE ON THE NECESSITIES OF LIFE IN ORDER TO BENEFIT AND ENRICH THE PRIVILEGED FEW.

Public taxation of all the people for the support and enrichment of some of the people belongs to a Despotism. But we have perpetuated it in a Republic, and at a rate of taxation never dreamed of in an Absolute Monarchy—because of the fear of a revolution. There is nothing new about taxing the Masses for the enrichment of the Classes. It is as ancient as Theft.

It is simply the old system of taxing and plundering the people for the support of the nobility, royal families and Privileged Orders, carried into our modern Twentieth Century Civilization. The man leaning on the vault in which Labor is shoveling his income from the Tariff represents the Privileged Classes of today. For him and his class the whole consuming public is again to be taxed, plundered and impoverished by this new monstrosity of greed and oppression, known as the Fordney-McCumber Tariff.

Since October 3, 1913, we have had the Underwood Revenue Tariff. It yields but little revenue for private pockets—some but not much. Practically all that it takes out of the pockets of the people, by taxing them on the necessities of life, goes into the public treasury. In 1920, about 61% of all our imports came in on the Free List. The average rates at the custom house on the 39% which was taxable was only 16%. Even with these low rates it yielded some "protection," at least to cotton and woolen goods. Furthermore, it raised $325,000,000 for the Government—more than the new Tariff will yield, un-

less Trusts and Combines jack up the prices of Home Goods to the Tariff Price Level of Foreign Goods. But it poured but little revenue into the vaults of the Privileged Classes, for whom Protective Tariffs have taxed billions of dollars out of our pockets in the past.

Such a state of things their greed and cupidity could tolerate no longer. And now comes along Fordney, McCumber and their followers—the agents of that "Invisible Government" maintained by our mighty rich—who declare that this must be changed, that in order for our country to "prosper", a Tariff Wall must be built so high that it will yield some revenue for the government, but vastly more revenue for our Privileged Classes who are always the big contributors to campaign funds. The Fordney-McCumber Tariff stands wholly for the *second stream of wealth* which flows into private pockets. It is built to multiply a hundred fold the revenue which the Underwood Tariff has been yielding for private pockets. It was built wholly for that increased price of Home Goods, all of which—not some but all—GOES INTO PRIVATE POCKETS.

No issue could be clearer than this. No fact could be better established in any branch of Science than the fact here established—namely, that while the increased price of Foreign Goods, due to the Tariff, goes into the Public Treasury, the increased price of Home Goods, due to this same Tariff on Foreign Goods, GOES INTO PRIVATE POCKETS. It could not go to the Government. The Government has nothing to do with Home Goods

Your reaction against this fact—the fact that the whole of the Protective Branch of the Tariff goes into private pockets, and is designed wholly for the enrichment of private individuals—depends wholly upon the degree of your personality, wholly upon the extent to which you are a real, red-blooded, 100% American. If the "yellow streak" of the slave, of the servile, the cowardly and the base, is still too strong in your nature; if you have not evolved far enough into the realm of independent personality; then you will go on voting and working and talking for the Protective Branch of the Tariff.

That is the issue. Now just what is your response? Is it the response of a freeman, of a real American, whether man or woman—or is it the response of a cowering, abject serf and slave? I have done my part as an American citizen by giving you the facts, the undeniable facts. The rest lies wholly with you. What will be your answer at the polls? For the polls are the real test of personality.

CHAPTER XI.

The Higher the Rate—The Less the Revenue

When I call a man's attention to the fact that there has been a tendency to increase the rate with each successive Tariff Bill, he says, "Well, the expenses of the Government are increasing all the time. And so they would have to raise Tariff rates in order to raise more revenue."

To which I answer: To Increase the Tariff Rate Does Not Increase the Revenue. On the contrary, it *diminishes* it. The whole truth is that the higher the tariff rate—after you get beyond a certain point—the less the revenue it raises—for the Government. If the tariff rate is made so high as to become prohibitive—as is the case on scores and hundreds of articles under the Fordney-McCumber Tariff—then it yields no revenue at all. That is, it will yield no revenue for the Government, Tho it May Yield Hundreds of Millions for Private Pockets.

And so there is a direct conflict between Protection and Revenue. It is a conflict that exists not simply in the minds of men. It Is a Fact of Nature. It is grounded deep in the industrial order. Each system of Tariff, to the extent that it is applied, excludes the other. This seems to be the law: To the Extent that Any Tariff Yields Protection, It Does Not Yield Revenue. To the Extent That It Yields Revenue, It Does Not Yield Protection.

Suppose, for example, that the Tariff on a given product increases its cost to the people one hundred million dollars. Let us call this our "Tariff Fund." Now comes the question: What portion of this hundred million dollars will go into the Public Treasury, and what portion will go into Private Pockets?

The answer is this: If the Tariff be levied on a product not produced in this country, then *all* of it will go to the Government. But if it be levied upon a foreign product competing with a similar home product, Then the Distribution Will Depend on the Part of the Total Demand Which Is Supplied By Each.

For instance, if three-fourths of the demand for the given product be supplied by foreign producers, then $75,000,000 will

go to the Government, and the remaining $25,000,000 of the increased cost of this product to the people—due to the Tariff—will go into the pockets of the American Producers of that commodity. If only *half* of the demand is supplied by the foreign product, and the remainder by the competing home product, THEN ONE-HALF OF THIS TARIFF FUND WILL GO AS A BONUS TO THE AMERICAN MANUFACTURERS AND MINE OWNERS.

But if the tariff rate should be so high as to largely *prohibit* the foreign product, so that it supplies only *one-fourth* of our demand for the particular goods, then only TWENTY-FIVE MILLIONS out of the ONE HUNDRED MILLIONS of the increased cost to the people—because of the Tariff—would go to the Government. The remaining SEVENTY-FIVE MILLION DOLLARS will go into the pockets of the American Producer.

Go on up with the tariff rate. Make it so high that no Foreign Goods of this particular class can come in. Then of the hundred millions increased cost of this product to the people, because of the Tariff, not a dollar will go to the Government. The whole of it will go into private pockets. AND HERE WE SEE ONE OF THE METHODS AT LEAST BY WHICH MILLIONAIRES ARE MADE.

Thus do high tariff rates, instead of yielding more revenue to the Government, yield less. In fact, there are two conditions under which the Tariff will not yield sufficient revenue to the Government. One is to make the rate so *low* that it is not adequate for the quantity of Foreign Goods coming in. The other is to make it so *high* that it shuts out all Foreign Goods, thus yielding no revenue at all. And this will be practically true of the Tariff Wall just built, the highest in our history, unless Trusts and Gentlemen's Agreements enable our manufacturers to boost the cost of Home Goods to us up to the Tariff Price Level of Foreign Goods.

This fact annihilates another delusion heard on every hand. When we call attention to the enormous taxation of the people thru the Fordney-McCumber Tariff, some one answers: "But we are a patriotic people and are willing to be taxed to support our government, and ought to be taxed to support it."

To which I answer: Quite true. As patriotic citizens we ought to be willing to be taxed for the support of the Government, wisely and economically administered. But this does not all go to the Government—not half of it, or even a fourth of it goes to the Government. In fact, about nine-tenths of

the hundreds of millions of dollars which the Fordney-McCumber Tariff will tax out of the pockets of the American people will go, not to the support of the Government, but to the support and further enrichment of those whom the Protective Tariffs of the past have already made rich.

These statements as to the fractional part of the millions the Fordney-McCumber Tariff will filch from our pockets that the Government will get, are far from being fanciful. They are based on the fact that, according to Mr. Fordney himself, only 8% of all that we consume in this country is imported from abroad. The remaining 92% of our consumption we produce directly for ourselves. Therefore, about *nine-tenths* of the increased cost of the necessities of life to us, because of a High Tariff Wall, goes into the pockets of our Tariff Barons—*one* dollar for the Government, *nine* for them! No wonder they are willing to contribute so liberally towards the election of the men who made these "blessings" of Protection possible *for them.*

In other words—looking at the grand total of the loot to be gathered in by this colossal Scheme of Plunder—the Fordney-McCumber Tariff, in order to raise some $300,000,000 for the Government, will take from the people every year about *ten times* this amount, or $3,000,000,000! Of this three billions extorted from the people in the increased cost of the necessities of life, only about $300,000,000 will go to the Government. The remaining $2,700,000,000 will go into Private Pockets. And even these figures are far below those made by the experts of the Treasury. Nothing more heinous and damnable than that, in principle, has ever been enacted in the history of the world.

Thus are we being plundered, oppressed and impoverished by the inordinate and extortionate rates of the Fordney-McCumber Tariff—taxed on practically everything we eat, drink or wear—not for the support of the Government, BUT FOR THE SUPPORT AND ENRICHMENT OF PRIVATE INDIVIDUALS.

CHAPTER XII.

WHO GETS IT—EMPLOYEES OR EMPLOYERS?

We have thus far established four great and cardinal truths, four vital facts:

First: that a tariff "protects" by increasing the *cost* of those material products which mankind must consume in order to live.

Second: that this increased cost is paid by the consumers of these products.

Third: that the increased cost of Foreign Goods, due to the Tariff, goes into the *Public Treasury.*

Fourth: that the increased cost of Home Goods, due to the Tariff on Foreign Goods, goes into *Private Pockets.*

In these four propositions we have a basis for our reasoning as definite and valid as any proposition in Geometry, as concrete and tangible as any rule of Arithmetic.

The increased cost of Home Goods—like the increased cost of Foreign Goods—is paid wholly by Home Consumers and goes into Private Pockets. That much is certain. Now comes the question: Whose pockets? In other words: Who gets it?

That contented and prosperous-looking gentleman our artist has sketched for us, and into whose large vault labor is shoveling the gold which the Tariff has brought him—just who is he? Is he a farmer, blacksmith, banker, manufacturer, coal miner, section hand? Just who is he?

Perhaps we can get at the matter more directly by asking: Whom does he *represent?* Whom do you think he represents? This is your problem just as much as it is mine. Think it out for yourself. Do you think our artist designed him to represent labor—the tens of millions of American people who toil and serve for wages and salaries? Or does he represent the *employers* of labor? He cannot possibly represent both. Therefore, he must represent either the Employing Classes or the Working Classes: Which is it?

If he represents the Employing Class, then the next question is: Does he represent *all* who are the employers of labor, or only certain groups of them? And if the latter, then which *group* of employers does he represent?

Wealth consists of food, clothing, shelter, luxuries and all other material things which satisfy human desires and minister to human needs. In reference to all these things, and to all other material products which go to make up what we call "the necessities of life," all mankind are Consumers.

But while all mankind are the Consumers of wealth, and while all forms of wealth are the products of human toil, not all, or even half, of mankind are specifically engaged in the *production* of Wealth. In other words, while the whole of our 110,000,000 people are Consumers, they are not all Producers.

In reference to the actual production of wealth, the American people—and all other peoples—can be divided into two distinct classes: Producers and Non-Producers. I am not saying that those here classed as Non-Producers—do not *earn* the food, clothing, shelter, comforts and luxuries which they consume. I am simply saying that they do not *produce* them. All are Consumers of wealth; only a comparatively few are Producers of wealth.

The Non-Producers of wealth fall into two classes: (1) Those engaged in various forms of professional service—lawyers, doctors, editors, teachers, preachers, writers, lecturers, musicians, servants, entertainers, nurses, etc. (2) Those not engaged in any "gainful occupation," but living on fixed incomes derived from various sources. The Non-Producers of wealth constitute over half of our 110,000,000 people. So far as the necessities of life are concerned, they are not Producers but Consumers. Therefore, the Fordney-McCumber Tariff cannot possibly be of any direct benefit to them. They have no products whose price it can increase. To them it means not "protection" but plunder, not a blessing but a burden, by increasing the cost of the necessities of life; thus reducing their salaries BY REDUCING THEIR PURCHASING POWER.

Of the four classes into which Wealth Producers can be logically divided, the millions engaged in merchandising, banking, and general commerce—including both Employers and Employees; and the millions more engaged in railroading and transportation, from the President of the company down, cannot possibly receive any direct benefit from Mr. Fordney's High Tariff.

There are two reasons why it cannot benefit them. First, because the tendency and purpose of all High Tariff Walls is

to obstruct and *prevent* trade, while their *business* is trade, commerce—Exchange. Second, because they produce no goods whose price the tariff enhances. It increases the price of all the goods and products which they must sell and transport to the people. To that extent it diminishes the amount of goods and products the people will, or can, consume—hence it diminishes the volume of their sales and so of the goods to be transported.

Furthermore, since it increases the cost of the necessities of life which these millions of our people must consume, both employees and employers, the Fordney-McCumber Tariff means to them also only taxation and plunder.

A very little reflection of the subject ought to show any intelligent man or woman that the direct benefits of High Tariffs are necessarily limited exclusively to those WHO PRODUCE GOODS TO SELL. It must act TO THE DETRIMENT OF THOSE WHO HAVE GOODS TO BUY.

This makes it necessary to divide the 25,000,000 of our people —according to the census of 1920—directly engaged in the production of agricultural, manufacturing, forest and mineral products into two classes: Employers and Employees.

While the millions of workers, of *employees*, in these two classes of Wealth Producers are directly engaged in the production of wealth, THEY HAVE NO WEALTH TO SELL. They have it to BUY. The only thing they have to sell is their *labor* —which is not sold in the GOODS MARKET but in the LABOR MARKET. And for the Labor Market there are no Tariff Walls. They are built exclusively for the GOODS MARKET.

Therefore, in reference even to the thousands of forms of wealth which their own brain and hand have fashioned they are not *sellers* but *buyers*. The products of their toil pass at once out of their hands into the hands of their employers. Hence, commercially speaking, they are not Producers but Consumers—consumers even of the very things which they themselves have produced.

Thus, the direct beneficiaries of a Tariff Wall are limited wholly to the Employing Class; to the owners of the finished products of labor—and therefore vitally concerned in their SELLING PRICE. To increase the selling price for their commodities is the purpose, and the only purpose, for which Tariff Walls in all lands are built.

By thus limiting the field of the possible direct benefits of a Tariff Wall wholly to the above Employing Classes, we have

reduced the total number of its beneficiaries, even from the 25,000,000 with which we started, down to something like 5,000,000—about 5% of the total population. The remaining 105,000,000 of the American people are not its beneficiaries but its *victims*. And it is these five million Employers whom the prosperous-looking gentleman at the vault represents.

It ought to be observed, in passing, that while President Harding vetoed the Soldier Bonus Bill, because he said it was taxing 110,000,000 people for the benefit of about five millions, he did *not* veto the Tariff Bill, which will tax these same 110,000,000 American people for the benefit and enrichment of far less than five million employers.

The Soldier Bonus would have been no more of a "raid" on the pockets of the people than is the Tariff Bonus. The number to be benefited was far greater, and the amount to be taken out of the pockets of the people would have been vastly less in the end. Surely these Tariff Barons—who for decades have been fattening at the Public Crib—have no such claim on our gratitude, our admiration and our generosity as have the heroes and veterans of the World War.

These veterans of the late war, whose valor and indomitable courage in battle astounded the world—under the Tariff Bonus just passed—are now to be taxed, and at extortionate rates, on all the necessities of life—on practically everything they and their dependents eat, drink and wear—in order to pay tribute to the ruthless greed of the Profiteers who made colossal fortunes in the war for Democracy while they were fighting in France.

Returning to the main argument, allow me to repeat that it is not labor, but the *employers* of labor, into whose pockets flows that huge stream of wealth arising from the increased price of Home Goods, due to a Tariff on Foreign Goods. But this does not include any of the employers of labor in the first class of Non-Producers—those engaged in Professional Occupations. Neither does it include any of the employers of labor engaged in railroading. Nor the employers of labor engaged in merchandising, banking, shipping and general commerce.

The benefits of the Tariff must necessarily be limited wholly to those employers engaged in Farming, Manufacturing, Mining, Lumbering, Fisheries, etc. In other words, the "blessings" of a Protective Tariff are limited exclusively to those who employ labor for the *direct* production of wealth—AND WHO ARE THE OWNERS OF THE FINISHED PRODUCTS OF THEIR EMPLOYEES.

Furthermore, employers of labor engaged in agriculture, as will be shown later on, are not the beneficiaries but the dupes of "Protection." Unfortunately for themselves, for the agricultural population, and for the whole consuming public they *think* they are benefited—and so by their votes have perpetuated this colossal Scheme of Plunder. No definition of graft and plunder can be given which will not include that stream of wealth, flowing into Private pockets, which High Tariffs are designed to make possible.

From this analysis we realize that only about one in twenty of our people, or of any people, can possibly be benefited and enriched by a Protective Tariff. The remaining 105,000,000, and more, of our total population, are not its beneficiaries but its victims. They are not the Producers but the Consumers of the products whose prices the Tariff is designed to increase.

So far as the Tariff is concerned the interests of Producers and Consumers are in direct conflict.

IT IS MATHEMATICALLY IMPOSSIBLE FOR ANY LAW, OR ECONOMIC POLICY, TO INCREASE THE *SELLING PRICE* FOR THE PRODUCERS OF ANY GIVEN PRODUCT, WITHOUT AT THE SAME TIME, AND TO THE SAME EXTENT, INCREASING THE *COST PRICE* TO ITS CONSUMERS.

The Consumer must pay what the Producer gets. Therefore, any law directly to the benefit of the one, by increasing the price of his commodities, must be to the detriment of the other. Here, then, is a fundamental principle as true and universal as any rule of Arithmetic. It holds everywhere, in all lands and climes. And upon this *eternal truth of economics* we shall base, and have based, all our reasoning.

What utter absurdity, then, is the claim of Messrs. Fordney and McCumber that by building the highest Tariff Wall in our history they will benefit alike both Producers *and* Consumers. As well say that in sawing a board in two pieces, you can increase the length of one piece without diminishing the length of the other piece; that one child on the end of a see-saw can go up without the other going down; that matter can put in one place without being *taken* from another.

These absurd propositions are no more preposterous, no more irrational and contradictory, than the claim of Protectionists that they can add hundreds of millions of dollars to the profits of the Manufacturers *without taking them from the purchasers of their goods.* In other words, that they can increase the SELLING PRICE for the Producer without increasing the COST PRICE to the Consumers of his products.

CHAPTER XIII.

Does the Tariff Protect or Plunder Labor?

A little reflection on the meaning and significance of the picture on the opposite page cannot fail to result in a most startling surprise. In fact, it quite upsets all our ideas and understanding in reference to the Tariff. We have been told from childhood that the chief reason—and practically the only reason—for building our American Tariff Wall is to "protect" American Labor from the competition of the "cheap, pauper laborers" of Europe.

Of course the very first requirement in order to do this is to *keep them out.* But when we look at this picture we see that instead of keeping them out, instead of protecting our own wage earners right here at home from their competition, the Tariff Wall is so built that they can pass right thru.

That Tariff Wall keeps Foreign Goods out, or can keep them out. Why? Because they would compete with the goods of our own manufacturers—the Employing Class. But the hundreds of thousands whose hands produce these Foreign Goods—well, that is different! They can come in—and have come in by the millions. The more that come in the cheaper our manufacturers can get their labor. And so we see them coming thru that mighty Tariff Wall just as if it had been built as a Royal Arch to welcome them.

Even passing the point of foreign immigration, can a Tariff benefit labor? I pause for a reply. Ask your Congressman, your Senator—ask anybody. And if anybody can tell you how, please be good enough to send the answer to me.

The increased cost of Home Goods, due to the Tariff on Foreign Goods, goes into Private Pockets. But what has the *laborer* to sell upon which there is a Tariff to increase its price? The only thing the wage earners and day laborers of America, or of any other country, have to sell is their labor. BUT THERE IS NO TARIFF ON LABOR. Labor is on the Free List. The Tariff is on the *products* of labor. But the products of labor, alas, do not belong to the laborers.

THE PRODUCTS OF LABOR PASS OUT OF THE HANDS THAT PRODUCE THEM INTO THE HANDS OF THEIR EM-


AMERICAN TARIFF WALL
FOREIGN GOODS
Foreign Goo
FOREIGN GOODS
FOREIGN GOODS

PLOYERS. And so it is not the employee, but the employer, who has the products to sell which the Tariff increases—and often doubles—in price. Again we see that it is not the employees, the wage earners, but the employers—THE OWNERS OF THE FINISHED PRODUCTS—who can possibly be benefited and enriched by a Protective Tariff.

Tariff Walls in all lands are for the exclusive benefit and "protection" of the Goods Market—the market in which The Interests sell all their products. The only thing which labor has to protect its market are Labor Unions. And so it is not the WAGES OF LABOR BUT THE COST OF GOODS that the Tariff is designed to increase, or can increase.

In other words, The System is this—Free Trade for Labor: Protection for the *products* of labor. What is true of labor in this country under Protective Tariffs is true in every other. Protection is nothing less than that pernicious and loathsome thing, called Class Legislation. It is legislation for the benefit and enrichment of certain groups of the Employing Class, at the expense and to the detriment of the Working Classes. Such a "policy" does not belong to Democracies but to Despotisms.

No Tariff Wall, tho it tower to the skies, can possibly benefit the millions of wage earners who toil on farms and in forests, factories, quarries, fisheries and mines. Why not? Because they have none of the things which their own toil produces *to sell.* They do not own them and never get possession of them. In fact, THEY HAVE THEM TO BUY. Therefore, every increase which the Tariff makes in the cost of the products of labor, by so much *decreases* the wages EVEN OF THE LABORERS WHO PRODUCE THEM.

Protectionists assure us that the manufacturer, in return for all these manifold opportunities for *price-fixing* offered him by the Fordney-McCumber Tariff—out of the gratitude of his loving heart—will voluntarily *increase the wages* of his employees, at the same time that he is increasing the *price of his product* to the consuming public.

Even if the manufacturers of this country should be so moved by the unparalleled generosity of Fordney & McCumber in taking money out of the pockets of the people to go into their pockets, as to voluntarily increase the wages of their employees, what are the chances that they would increase wages as much above the NORMAL MARKET PRICE OF LABOR as the Tariff enabled them to increase the price of their *products* above THE NORMAL MARKET PRICE? What are the chances that they

will do this? A thousand to one that they will not. And so labor will be the loser. The increase in their *wages* would not be equal to the increase in their *cost of living!*

I have seen our coal miners in Pennsylvania again and again strike for higher wages, for increased pay—*and get it.* But they had to buy in the Company Store. And so when they settled the strike and returned to work, they found that prices in the Company Store had been increased *even more than their wages.* And that is the Tariff Game. We all must buy at the "Company Store." They set the prices. We must pay them —or freeze and starve!

In reference to all these fanciful and delusive claims and "arguments" about employers voluntarily raising wages, there is one important distinction to be noted: While the Tariff *enables* its beneficiaries to pay higher wages—far higher—it does not *compel* them to pay higher wages. And it is that distinction between "enabling" to do this, and "compelling" to do this, which made it possible for Carnegie and scores of other "protected" manufacturers to retire from the business with their millions, some of them with their tens of millions, and a few of them with their hundreds of millions. That was what did it.

Nor can a Protective Tariff increase the *amount* of employment. It never gave labor a job, and never will—except that indicated in the picture of shoveling the gold into the Tariff Baron's vaults. It can change the *direction* of the employment, but it cannot increase the *amount* of employment. How could it?

Does increasing the price of woolen goods and cotton goods increase or diminish the *amount* of these goods which the people will buy? And so of all other goods and products. Answer the question for yourself. The only result of increasing the cost of all these things is to create a "buyers' strike" among the people. Thus does the Tariff *diminish* the demand for labor instead of increasing it. There is less employment instead of more.

Furthermore, a Protective Tariff reduces the wages and salaries of all employees in all lines of industry. How do they do this? BY REDUCING THEIR PURCHASING POWER. When President Harding on Sept. 21, 1922, signed the Fordney-McCumber Tariff Bill, he automatically reduced the wages and salaries of every man and woman working in office, store, forest, factory or mine, and of the whole agricultural population BY REDUCING THE AMOUNT OF THE NECESSITIES OF LIFE WHICH THEIR INCOMES WILL PURCHASE.

No man or woman who will really think upon the subject can deny this proposition. In what a confused and pitiful situation, then, is the mind of American Labor. A proposal to reduce wages in any industry 5%—or 10% at the most—causes labor to go on a strike. They make the very just claim that they have the right to a living wage. And they have. Every toiler should have a living wage—AND SOMETHING MORE.

On the other hand, apparently scores of labor unions petitioned Congress to hasten the enactment of the present monstrosity of oppression and plunder, this embodiment into law of the unbridled greed and rapacity of the race, known as the Fordney-McCumber Tariff. Thus does labor appeal to force against a proposition to reduce wages even 5%, but it eagerly votes for a proposition which will reduce its wages in many cases 10 times this amount—BY REDUCING THEIR PURCHASING POWER.

When all the facts in the case have been presented to American Labor as to the real meaning of High Tariffs to all who toil, I have the utmost confidence in the conclusion which the tens of millions of employees, both men and women, will reach and in the results which will follow at the polls.

Nevertheless, the fact largely remains that this colossal scheme of compelling labor to sell under Free Trade and buy back under Protection—so cunningly devised to plunder and impoverish all who work for salary or wages—American labor has supported by its vote decade after decade. In the hands of labor there is the greatest weapon that Civilization can give —the Ballot. Whether or not the workers of America will *continue* to vote for the enrichment of the few thru the taxation and enslavement of themselves and their families remains to be seen.

CHAPTER XIV.

The Farmer and the Manufacturer

Having eliminated all possibility of day laborers, or any other classes of employees, being the possible beneficiaries of the gigantic piece of Class Legislation just enacted at Washington, let us now turn to the five million *employers* of labor who are possible beneficiaries of the Tariff, and see what are the chances of either farm owners or farm tenants to be among the Favored Few into whose pockets the Tariff pours its golden stream.

Between farmers and manufacturers, so far as the Tariff is concerned, there is not unity but *conflict of interest.* It is true that the products of both the farmer and the manufacturer are now highly "protected." Up until 1883, but few products of the farm were favored by Tariffs. The great revolt of the farmers of the West against the oppression and plunder of High Tariffs had its beginning about that time.

Then the manufacturers of the East got a brilliant idea: "Why not give the farmer a tariff on all his products? Of course it will not benefit him, but he will *think* that it does. His vote will benefit and perpetuate our system." Then it was that taxes were levied on practically all farm products. In the Tariff of 1883, "protective" rates were levied on wheat, oats, barley, hay, rice, corn, potatoes, hogs, cattle, flour, onions, bacon and ham. And that "policy" has been continued ever since. The rates in the Fordney-McCumber Tariff on the Farm Products are as high, and in some few instances higher, than those of any previous "protective" measure.

All the wealth of the world comes out of the ground. Of the four classes of Wealth Producers engaged in extracting wealth from the earth—farmers, miners, lumberman and fishermen—the farmer takes the lead. He produces all the essential food products which keep humanity from starving, and all the raw materials for the fabrics which clothe them. Nevertheless, while the farmer thus produces the raw materials which feed and clothe the world, *nine-tenths* of all that he himself consumes he must *buy.*

True it is he produces the raw materials of much that he consumes. But even if he produced them all, their manu-

factured form he must buy. All his clothing for himself and family, all his furniture and fixtures, all the materials for his house, all his harness, machinery, chemicals, oils and paints; all his nails, chains, fencing and other hardware—all these multitudinous things he must buy. Even a large part of all the foods for his live stock he must use in manufactured form. These, too, he must buy.

In short, aside from milk, butter, eggs, garden products and a portion of their meat, OUR 40,000,000 PEOPLE ON AMERICAN FARMS MUST BUY PRACTICALLY AS MUCH OF ALL THAT THEY CONSUME AS DO THE DWELLERS IN TOWNS AND CITIES. And they must buy from manufacturers. In fact, it is estimated that they buy 46% of all goods manufactured in this country. Now all these manufactured goods and products will be increased in price at an appalling rate by the Fordney-McCumber Tariff. Thus are the people of the country, no less than the people of the city, the objects of the extortions and plunder of Protective Tariffs. It is out of their pockets that must come the billions of tribute which Protection pours into the pockets of our Tariff Barons.

Protectionists claim that while farmers are the Consumers of certain products, they are also the Producers of other products. Therefore, that what they lose by the increased cost which the Tariff adds to the things they must buy, will be fully made up to them in the increased price which it will give them for the things they have to sell.

It is quite true that they are both Consumers *and* Producers. But what are the chances, the probabilities—or even the possibilities—that the Tariff will increase the price of the things they have *to sell* as much as it will increase the cost of the things they have *to buy?* Well, the chances are at least a thousand to one that farmers will not get "equal protection," or anything approaching equal *benefits,* with the manufacturers.

In the first place, the *rates* on his products—with the possible exception on raw wool and an occasional item like nuts, citrus fruits, etc.—are not nearly so high as they are on the hardware, woolen goods, cotton goods, clothing, women's and children's dress goods, and hundreds of things which the farmer must buy. Besides, but few farmers produce either wool or citrus fruits. And so the market in which the farmer *buys* is more highly "protected" by tariff rates than the market in which he *sells.* That is the first jolt.

It is a mathematical impossibility for *any* law to give an equal increase of price to the products of both the farm and the factory. All the chances are against it—and the farmer stands to lose. To levy THE SAME TARIFF RATE on the products of both farmers and manufacturers will not make the same increase of price to the public possible.

For example, a tariff rate of 100% on all products would enable the producer of most manufactured products to increase their price fully 100%. But it would not enable the Producer of certain agricultural products to increase his price even 50%. In a big majority of cases it would not enable him to increase his price at all.

Therefore, even if it were true that farm products are "protected" equally with the products of the factory—which they are not—what would be gained by our agricultural classes? Their only hope would be to come out *even*. And the chances are a million to one that they would not. THE ONLY WAY THE PEOPLE OF ANY CLASS CAN BE BENEFITED BY A TARIFF WALL IS FOR IT TO INCREASE THE PRICE OF THE THINGS THEY HAVE *TO SELL*, WITHOUT INCREASING THE COST OF THE THINGS THEY HAVE *TO BUY*.

But since the price of the hundreds and thousands of things the farmer has to buy were given higher rates, and will be increased vastly more in price by the Tariff, than his own products can be, again we see why the American farmer always has lost, and always will lose, by Protective Tariffs.

On June 11, 1909, Senator Cummins of Iowa—who voted *against* the Fordney-McCumber Tariff—said on the floor of the Senate: "I know that my friend from North Dakota (Mr. McCumber) does not agree with me in respect to these things, but I do *not* believe that we in Iowa receive *any direct benefit* for the 400,000,000 bushels of corn that we raise every year; I do not believe that we receive any direct benefit from the 8,000,000 or 10,000,000 hogs that we market every year; I do *not* believe that of the $700,000,000 of agricultural products that we pour every year into the channels of trade protection advanced the prices of a tithe of them. ....We will supply this year the people of the United States and of the world with a product that will surpass in value $700,000,000 and IT IS IDLE FOR EVEN AN ENTHUSIAST TO ASSERT THAT THE PRICE OF THESE PRODUCTS IS DIRECTLY AFFECTED BY THE PROTECTIVE TARIFF."

Therefore, no Tariff however high, can benefit the 40,000,000 of our agricultural population. They are the victims of its ravenous cupidity and greed—not its beneficiaries. When the American farmer comes to realize this apalling truth, this undeniable fact, he will cease to be any longer the dupe of the delusive hope of getting prosperity out of a system designed for his own plunder.

I commend to the farmers of our great country the foresight and wisdom of the following extract from an article in the "Western Farmer" of Spokane, appearing soon after the enactment of the Underwood Tariff, Oct. 8, 1913. It was written by the late C. B. Kegley, Master of the Washington State Grange, and a man with a vision. He said:

"As a system, Protection is doomed. If we, the farmers, stand for it, we shall lose our share, and the public believing that it has secured relief from the burden of living cost, will stop there—causing whatever of loss occurs to fall all upon the farmer.

"Consequently, the business-like course open is for the farmers to fight, not to *continue* the system, but to *smash* it. Fight, not to hold his own *questionable* benefits of the Tariff on grain and live stock and wool, BUT TO STRIP THE COATS OF PRIVILEGE OFF THE BACK OF EVERY BUSINESS ENGAGED IN SUPPLYING THE NECESSARIES OF LIFE."

JULY.	CHICAGO.	MINNEAPOLIS.	DULUTH.	WINNEPEG.	TOLEDO.	KANSAS CITY.	LIVERPOOL.
1	$1.14 3/8	$1.36 7/8	$1.16 7/8	$1.27 7/8	$1.16 1/4	$1.07 5/8	$2.39 1/4
3	1.16 3/8	1.43 7/8	1.17	1.29 7/8	1.18 1/2	1.09 1/4	2.41 1/8
5	1.16 3/8	1.38	1.18 3/4	1.30 5/8	1.18 3/4	1.08	2.44 1/4
6	1.14 1/2	1.37	1.18	1.29 1/4	1.16 1/2	1.06 1/4	2.44 1/4
7	1.13 7/8	1.36	1.16 5/8	1.27	1.15 3/4	1.05 3/8	2.40 5/8
8	1.12	1.35	1.15 1/4	1.25 3/4	1.13 1/4	1.03	2.36 5/8
10	1.12 1/2	1.35 1/2	1.15	1.26	1.14 1/2	1.04 1/2	2.32 3/8
11	1.16	1.40	1.17 5/8	1.27 1/2	1.17 1/2	1.09	2.38 1/8
12	1.14 3/4	1.39 1/2	1.16 3/4	1.26 3/8	1.16 1/2	1.08.	2.38
13	1.16 1/4	1.41 1/4	1.18 3/4	1.28 3/4	1.17	1.09 1/2	2.38 3/8
14	1.15 1/4	1.40 1/4	1.17 5/8	1.28 1/4	1.16	1.07 5/8	2.40 1/4
15	1.15 3/4	1.40 5/8	1.18	1.29 3/4	1.16 1/2	1.08 1/8	2.42 3/8
17	1.14 1/8	1.38 1/2	1.17	1.29 1/8	1.15	1.07 1/4	2.44 5/8
18	1.14 1/4	1.38 5/8	1.17	1.29 5/8	1.14	1.06	2.45 1/4
19	1.12	1.37 1/4	1.16	1.28	1.13	1.05 1/8	2.45
20.	1.12 7/8	1.40 1/8	1.17	1.28 1/4	1.14	1.06	2.44 3/4.

CHAPTER XV.

The Farmer as an Exporter

On the opposite page is a table showing the simultaneous rise and fall of the price of wheat in Chicago, Minneapolis, Duluth, Winnipeg, Toledo, Kansas City and Liverpool. The relative prices are given for the first twenty days of July, 1922. The figures were furnished me by the Produce Exchange of New York. The Liverpool prices are made according to the rate of exchange for each day, and so are exact. Study this table, think out its meaning, and you will know vastly more about the Law of the Market Price than you ever conceived of before. I submit it to the thought and intelligence of my readers without further comment. And in this we have the proper atmosphere for the opening of this chapter.

There are two general reasons why even the highest Protective Tariff cannot increase the price of things the farmer has to sell *to the same extent* that it increases the price of the manufactured products he has to buy—even if it increases them at all. In fact, there are two general reasons why it will not increase the selling price of his products.

The first is the undeniable fact that our farmers, as a class, are our greatest exporters, producing nearly one-half of our total exports to foreign lands. Therefore, they must sell in the Open Market of the world, with prices fixed at Liverpool, England, an international market—the international market of the world for farm products. They must sell in competition with the farm products of all the nations of the earth. No Tariff Wall can keep their competitors out of that market. IT IS THE PRICE OF FARM PRODUCTS IN THAT INTERNATIONAL MARKET WHICH DETERMINES THEIR PRICE IN OUR OWN MARKET.

Our total exports for 1920 were $8,080,480,821. This is the largest aggregation of exports sent out from its shores by any country on earth. Of these exports the products of the farm alone amounted to $3,230,101,784. This is approximately 40% of the total. If to this we add the raw materials which go directly into manufactured products for export, and the price of which in the international market necessarily react on the

price of the farm products at home, we then would have over half of our exports supplied by our agricultural population. Of breadstuffs alone we exported $1,079,107,701. The following table shows something of the farmer's stake abroad.

	IMPORTS	EXPORTS
Barley	(none)	$ 27,165.189
Corn	$ 9,296,991	26,543,681
Cotton	138,743,702	1,136,408,916
Eggs	617,909	13,569,144
Meat and Dairy Products	64,274,457	544,074,060
Oats	6,549,111	12,338,104
Oat Meal & Rolled Oats	(none)	3,891,346
Rice	14,085,728	37,469,175
Rye	(none)	122,239,537
Tar, Pitch & Turpentine	(none)	34,503,389
Tobacco	81,630,011	245,532,069
Wheat	75,359,220	596,975,396
Wheat-Flour	3,669,300	224,472,448

It was said over and over again by Mr. Fordney and his followers that they propose to protect and defend the American farmer in his Home Market and shield him from the "dumping" of the farm products of the world into his Home Market. From all this we would infer that the farmers of all the rest of the earth are eager for the chance to pounce upon our markets and "unload "their wheat, corn, oats and flour on us. In alarming tones they tell us that with the very first opportunity given, the farmers of other countries would so completely "flood" our markets as to supply all our wants in food products, and in all other products now furnished us by our own farmers—thus leaving our own farmers without a market!

Since 1913, however, there has been a very low tariff rate even on the "protected" products of the farm, under the Underwood Tariff; while wheat, flour, corn, hogs, cattle, bacon and ham have been on the Free List—no tariff on them at all.

Here, then was their opportunity. For eight years our ports were *wide open* for the farm products of the world to come in and "flood" our markets. Did they come in? Did those crushing and appalling things happen which Messrs. Fordney and McCumber said would happen? *They did not.* Suppose that the thing they prophesied had actually happened, suppose that *the whole* of the Canadian export, instead of going to Liverpool, had been unloaded on the mills at Minneapolis and elsewhere, and ground into flour by American labor.

Would anything serious have resulted in the price of American wheat? Nothing that any rational mind can picture.

Why? Because the Liverpool price is always higher than our own market price. The more of our wheat which Canadian wheat "displaced" at Minneapolis, the more wheat we could have exported to Liverpool, at the higher price. Over there is an unlimited demand. For instance, our combined *exports* of wheat for 1919 and 1920 was greater than the total Canadian production of wheat. We exported in those two years, 507,-266,128 bushels. Canada's total production for those two years was only 456,449,700 bushels. Our total production for those two years was 1,855,703,000 bushels.

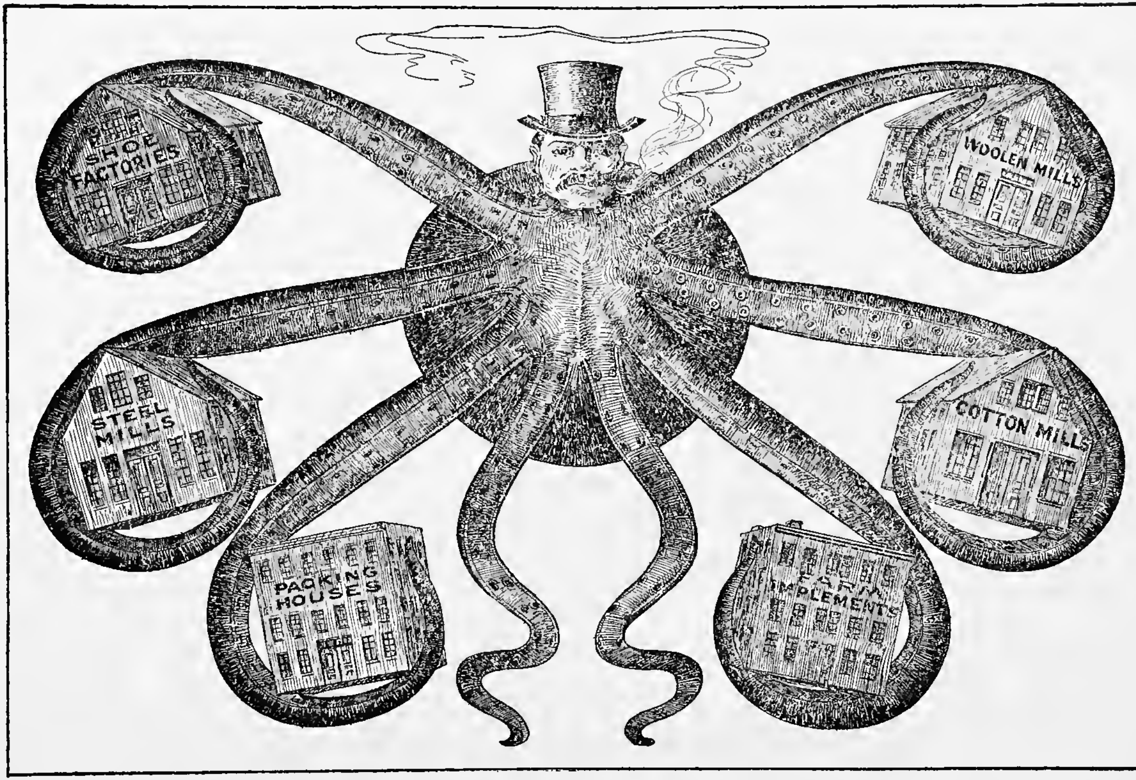
With that Liverpool market calling loudly for the excess productions of both countries, what does it matter as to whether Canada ships her wheat to Liverpool, and so "displaces" so much of our wheat *there,* or ships it to Minneapolis, thus *releasing* so much more of our wheat for the Liverpool market, averaging a dollar a bushel more than is paid at Minneapolis.

We must remember also that the imports and exports in 1920 occurred under this same so-called "free trade" Underwood Tariff, and before the farmers Emergency Tariff was enacted. Furthermore, since its enactment, no man can furnish any valid evidence to show that it raised the general level of the price of farm products one single penny.

The builders of the Fordney-McCumber Tariff Wall would have us believe that this is the first time that "protection" has been given to the products of the farm. The truth is, as stated before, that the protection of farm products began as far back as 1883. On wheat it put a tariff rate of 20 cents a bushel. The McKinley Tariff reduced it to 15 cents, the Cleveland Tariff raised it to 20 cents, the Dingley increased it to 25 cents, and the Payne-Aldrich Tariff continued this rate.

The Underwood Tariff put wheat and a few other farm products on the Free List. And yet the excess of farm exports over imports continued in approximately the same proportion as when they were under High Tariffs. Nor is that all. The prices of farm products, like the wages of labor, were higher under the Underwood Revenue Tariff than ever before in our history.

There can be but one conclusion, and that conclusion is that the American Farmer, like the American Laborer, sells his product in an Open Market and buys back the necessities of life in a Closed Market—sells under Free Trade: buys under Protection. If that would not impoverish and bankrupt any class of people on earth, I would like to know what would.


SHOE FACTORIES
WOOLEN MILLS
STEEL MILLS
COTTON MILLS
PACKING HOUSES
FARM IMPLEMENTS

CHAPTER XVI.

CAN THE FARMERS FORM A TRUST?

In reply to the undeniable fact that the American farmer produces an excess of products over the requirements of the Home Market, and is an exporter, it may be said that, among other manufacturers, the United States Steel Corporation is also an exporter, selling its product in every country on earth. Quite true. But this gigantic corporation is a *Trust*. And back of it also is a monopoly of the *raw materials in the earth* from which all iron and steel are made. It is the largest Industrial Combine on earth, overshadowing even the Federal Government at Washington. Hence it is in position to take full advantage of a Tariff Wall.

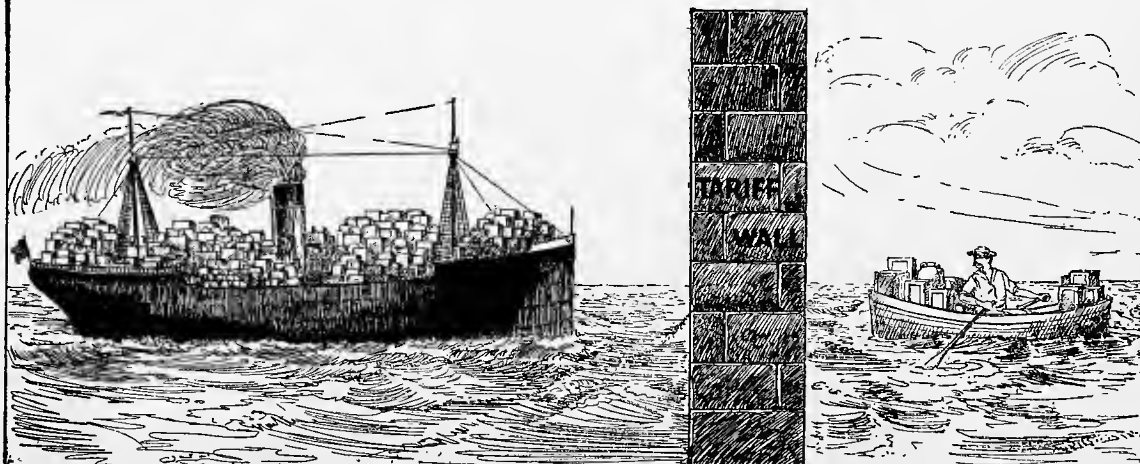
It is the fact of its being a Trust which enables it to sell in the Home Market—to the farmers and the rest of us—at monopolistic prices, and then to sell to the people of other nations at the Open Market price—often at only about half of what is charged here for the same thing. Charles M. Schwab once admitted that when steel rails were selling in this country at $28 a ton, they were selling in Europe at $20 a ton. And the same fact holds of scores of "protected" products. THEY ARE SOLD CHEAPER ABROAD THAN AT HOME.

This is the impregnable position of that huge Industrial Octopus, called Monopoly, which our artist has sketched for us on the opposite page. The Tariff shields him from foreign competition, the Trust shields him from home competition—and his Monopoly is complete.

But the farmers of this country, whether for good or ill, cannot form a Trust. They are too numerous. And they are too poor. The railroad and the Trust have seen to that. THEY COMPETE WITH EACH OTHER. This competition they cannot prevent. Manufacturers and mine monopolists can prevent competition among themselves by forming Trusts—and thus are able to keep prices up and take full advantage of the "protection" given them.

So far as a general statement can be made as to the law determining which Producers can be benefited by High Tariffs and which cannot, it would seem to be this: ONLY THOSE PRO-

**THE SAME TARIFF WALL
WHICH KEEPS FOREIGN GOODS OUT
KEEPS HOME GOODS IN.**



DUCERS OF WEALTH WHO ARE ABLE TO SO COMBINE THEIR INTERESTS AS TO FORM POOLS, TRUSTS AND GENTLEMEN'S AGREEMENTS—THUS PREVENTING COMPETITION AMONG THEMSELVES—CAN BE BENEFITED TO ANY APPRECIABLE EXTENT BY A PROTECTIVE TARIFF.

Thus are Trusts and Monopolies indispensable to Producers in order to get the whole of that increased cost of Home Goods which the Tariff on Foreign Goods makes possible. But the farmers cannot form a Trust and so cannot be benefited to any appreciable extent—if at all—by High Tariffs. But while Protective Tariffs cannot possibly be of any general benefit to our farming population, they can be, *and have been,* the cause of TREMENDOUS DETRIMENT AND FINANCIAL LOSS TO THEM. Practically all economists are in absolute agreement on that point.

They are a detriment to the farmer in two ways: First, the Tariff always has increased, and always will increase, the cost of the manufactured products he has *to buy* far more than it will increase the price of the things he has *to sell—even assuming that it does increase them at all.* That makes a continuous financial drain on the farming population of hundreds of millions annually. It has been going on for decades and generations, and has taken its billions out of the pockets of the American farmer.

Therefore, when the Underwood Revenue Tariff put wheat, wool and other farm products, on the Free List, it took absolutely nothing from the farmer—except the delusion that he was being prospered by the very thing that was plundering him!

On the other hand, when the Underwood Revenue Tariff put agricultural machinery, binder twine, cotton bagging, oils and scores of other products on the Free List, and cut *in half* the tariff rates on woolen goods, cotton goods, clothing, women's and children's dress goods, and all the other things the farmer must buy, IT GAVE THE FARMER THE FIRST BENEFICIAL LEGISLATION HE HAS HAD IN YEARS.

There is a second way in which a Protective Tariff is a detriment to American farmers. No people, producing an excess of *farm* products, can export them, unless the imports coming back are largely the products of the *factory.* That is, in order for them to buy our farm products they must be able to sell us the products of their factories.

The illustration on the opposite page speaks volumes both to the millions of our farming population and to the millions more

working on salary and wages in the towns and cities of the nation. Look it over. Think it out for yourself. It means low wages, tragic decline in price of farm products, industrial stagnation and bankruptcy. And just *to the extent* that the new Tariff Wall obstructs our trade with the world, it will produce these effects. In other words, TO THE EXTENT THAT THE FORDNEY-MCCUMBER TARIFF KEEPS FOREIGN GOODS OUT IT WILL KEEP HOME GOODS IN.

Therefore, when tariff rates on manufactured products are so high as to be *prohibitive*—which they are on scores of articles under the Fordney-McCumber Tariff—and so keep Foreign Goods out, then the hundreds of millions in Foreign Lands cannot buy from our farmers; because they cannot export their own products to pay for them—when a Tariff Wall keeps them out. This is exactly what happened in 1919. Europe was unable to buy our farm products even though her millions were starving—because they had nothing to give in exchange. The result was that our farmers had to dump their enormous surplus into their own home markets—and the bottom dropped out. We barely escaped the greatest industrial crash in our history.

It is now proposed by means of an *artificial barrier,* known as the Fordney-McCumber Tariff, TO DO EXACTLY THE SAME THING. They have the goods to send in but the Tariff Wall is designed to keep them out. The American farmer has yet to realize the great economic truth that THE SAME TARIFF WALL WHICH KEEPS FOREIGN GOODS OUT KEEPS HOME GOODS IN.

When at length the light breaks, the American farmer will feel the stir of the Heroic Spirit of '76, and will declare that since he cannot be benefited by a Tariff Wall around his product, neither shall the manufacturer of the East be further enriched by a Tariff Wall; that since he must sell his products in the Open Market of the World in competition with the products of all lands and nations, so likewise shall the American manufacturer sell to him in the Open Market, and in competition with the Goods and Products of all other lands and nations. Then, and not till then, will come a new order of things for the American Farmer.

CHAPTER XVII.

Does the Importation of Foreign Goods Throw Our Own Labor Out of Employment?

That question goes to the very heart of the whole Tariff issue. Everywhere there exists a positive fear and dread, amounting to actual terror, at the very thought of having *large quantities* of Foreign Goods brought into the country. It is a universal fear—a universal delusion. Furthermore, you get exactly the same reason for this fear in China or Germany, Russia or Italy, France or Mexico, Canada or the United States. The ancient fear of the invasion of foreign *armies* has been transferred to the fear and terror of an "invasion" of foreign *goods*.

This belief is based on the supposition that there is a direct conflict, a positive antagonism, between Importing and Producing—a conflict so direct that when either goes up the other must of necessity go down: the more goods you produce in your own country, the less you will import from foreign countries—the more you import from foreign countries, the less you will produce at home. In other words, to the extent that any people *import* they will not *produce*.

The basis of this world-wide superstition that the importation of Foreign Goods throws home labor out of employment seems perfectly reasonable, *provided* you see only immediate results and are incapable of thinking back to see what is necessary, absolutely necessary, in order that you *can* import Foreign Goods. Or if you assume that we should produce *everything we consume*—NO MATTER HOW GREAT THE ECONOMIC LOSS IN DOING IT—then the conclusion will seem perfectly valid to you.

In other words, it requires but little intelligence to believe that foreign importations throw our own labor out of employment. But it does require complex thinking to be able to see that it does *not* throw home labor out of employment, but gives employment to home labor instead. And yet that is the conclusion which a high order of intelligence must reach.

The primary facts in the case are undisputed. For example, if you buy all your shoes abroad you will not patronize our own makers of shoes. If you buy all your clothing abroad—that

is, from foreign producers—you will not give employment to the factory workers in our own mills. In short, if you buy *everything* abroad then you will buy nothing at home. That much is certain.

But even if you did all this, and if every man, woman and child in America did likewise—a thing impossible—would this diminish the *amount* of wealth actually produced in this country? Most certainly not. Would the buying abroad of absolutely *everything we consume* throw our own laborers out of employment? Not a single laborer. On the contrary, if this impossible thing were done according to the Laws of Trade—namely, TO BUY WHERE YOU CAN BUY THE CHEAPEST, AND SELL WHERE YOU CAN SELL THE DEAREST—it would increase both the volume of our annual production of wealth AND THE WAGES OF AMERICAN LABOR.

What, then, is the source of the delusion that the importation of Foreign Goods diminishes by so much the production of Home Goods, and so throws labor out of employment? It arises, primarily, from the use of the word "buy". There is no such thing as *buying*. We do not "buy" Foreign Goods. We *trade* for them. Foreign peoples do not "buy" from us. They trade with us—*exchanging goods for goods*. They can get our goods in no other way. And the only possible way that we can get *their* goods is to trade *our* goods for them.

In fact, there really is no such thing as Buying and Selling even among ourselves. In the ultimate analysis, what takes place is not buying but *trading*. Always and everywhere what we call buying and selling, consists in the exchange of service for service. Money merely facilitates the exchange of these services. But trade does not eliminate production among ourselves. We still must produce something, or render some service, to exchange for the *money* with which we "buy." And the same principle holds of our consumption of Foreign Goods. And yet the old delusion continues and is the basis of the whole superstition of Protection.

For example, Congressman Gernard of Pennsylvania, speaking in the House, July 14, 1921, said: "We dare not be deceived with the thought that America can open wide her gates to the markets of the world without destroying and endangering her own industrial health." Congressman Graham of Illinois, later, said: "Imports were flooding in to us from across the seas, TAKING THE PLACE OF the manufactured articles which heretofore our higher salaried American workmen had been making."

Senator Smoot of Utah gave one of the clearest statements of this colossal superstition, this gigantic delusion, that I have ever seen. On May 20, 1914, he said: "Every dollar of importation TAKES THE PLACE OF a dollar's worth of goods manufactured in this country."

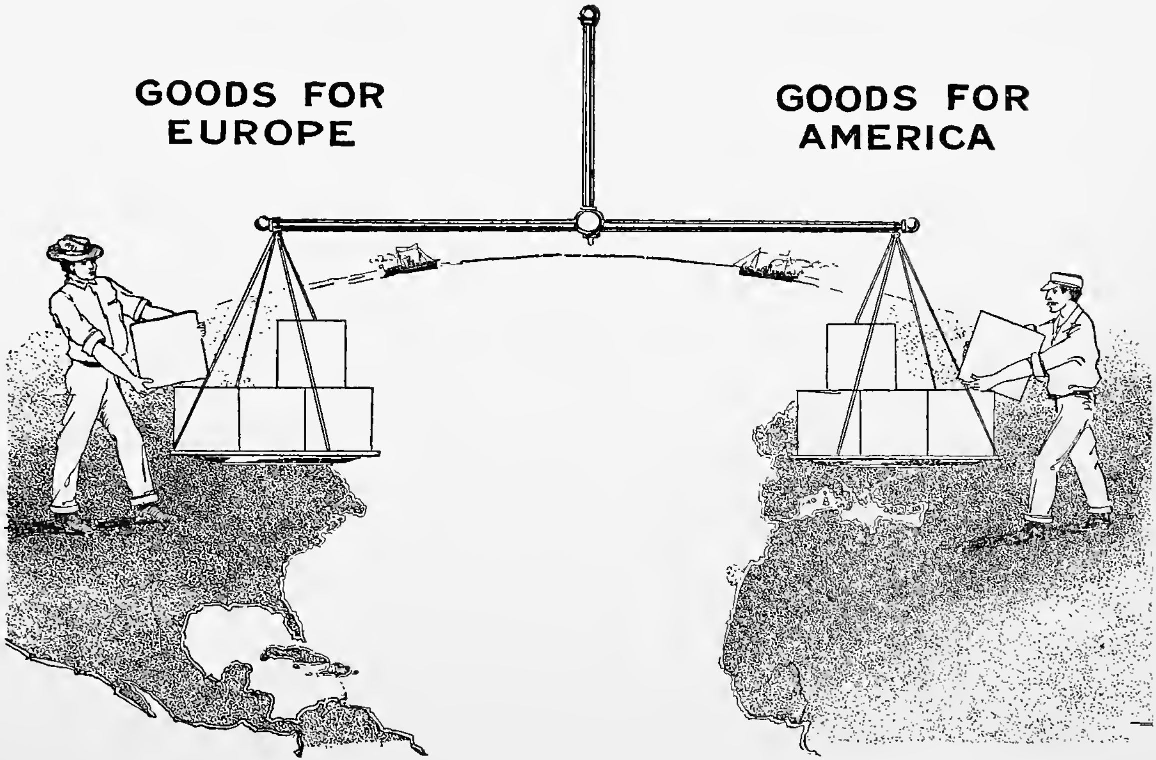
Now let us face the facts. Is it true that importations take the place of production at home? Is it true that the one is a *substitute* for the other?

Members of Congress never tire in talking about what they call the "free trade" Cleveland Tariff, and the awful flood of Foreign Goods that was dumped on our shores. But I find that under the McKinley Tariff, 1892, '93, '94—we imported $72,372,955 *more* goods than we did in the three years under the Cleveland Tariff—1895, '96, '97. Now if the foreign importation of goods throws American laborers out of employment, the Cleveland Low Tariff did far less damage than the McKinley High Tariff.

Looking further I find that under the Cleveland Tariff we imported $16,000,000 worth of iron and steel, while under the McKinley Tariff, for the same length of time, we imported $53,000,000 worth. Under the Dingley Tariff we imported $12,191,198,006 worth of foreign goods. Under the four years of the Payne-Aldrich Tariff we imported $6,550,446,703 worth of foreign goods.

Taking the Protectionist theory that "foreign importations throw American labor out of employment", how can they justify these huge importations under high tariffs. Or do they claim that importations of foreign goods throw labor out of employment only when it comes in under a Democratic Tariff? If their theory is true, then we should not have Tariff Walls but an absolute embargo. But is it true, or is it absolutely false?

Now that we have started to *reason* on the subject, let us follow it through to the end. Does the importation of Foreign Goods throw our own labor out of employment? The answer to that question is this: it does *provided we can import without exporting*. If, on the other hand, we must export to the full amount of our imports—*dollar for dollar*—then the proposition is utterly false. It is not a rational theory but a delusion, a gigantic superstition. No superstition of the Dark Ages could have been more irrational, crude or ignorant.


GOODS FOR
EUROPE
GOODS FOR
AMERICA

CHAPTER XVIII.

CAN WE IMPORT WITHOUT EXPORTING?

Our artist, rising to a sublime vision of International Trade—encompassing the whole earth in his imagination—has endeavored to picture to our minds the far-reaching arms of the scales which Equity holds over sea and land; balancing with perfect poise the *exchange of equivalences* between man and man, between nation and nation, in the vast and complex Commerce of the world.

Merely to ask this question—can we import without exporting—is also to answer it. Every child in the Grammar Grade at school knows that Trade consists, not of one thing but of two things: Imports and Exports. It knows also that each calls for the other, that every dollar's worth of imports *requires a dollar's worth of exports*; therefore, that to the extent that any people import, they must also export.

No matter whether we consume Home Goods or Foreign Goods, we cannot escape the necessity for production. All who consume must produce *the equivalent in value* of what they consume—or live by charity or theft. And production of wealth is impossible *without the employment of labor*.

How can a people import without exporting? How can they export without *producing* something to export? And how can they produce something to export without employing labor? To these questions there can be but one answer. Therefore, the importation of Foreign Goods does not throw home labor out of employment. On the contrary, importing gives employment to labor. It may change the *direction* of that employment, but it cannot change the *amount* of that employment—except to increase it.

Take the case of the laborer. Can he import without exporting? Can he get the necessities of life without giving their equivalent in wealth or service? Take the case of the farmer. Can the farmer import goods, clothing, machinery, hardware, household utensils, etc., without exporting the products of the farm with which to pay for them? If so, how can it be done? And must not his exports equal his imports—unless he goes in debt? And even if he go in debt, he will some time have to

export the equivalent of the debt—which is simply the full equivalent of the imports.

Furthermore, how can he have exports—how can he have wheat, corn, oats, potatoes, cotton, etc.—to give in exchange for these imports unless he *produces* them? And how can he produce them without employing *labor*—either his own labor or the labor of others?

Someone may answer: "He need not produce these home products in order to get the things he desires. If he has the money he can *buy* them." Quite true. But how can he get the *money* unless he produces something to be traded for it? And so there is no escape from the necessity of having to produce commodities to be exported equal in *value* to the imports obtained.

Every nation must be self-supporting—or live by theft. Every state, every county, every community must be self-supporting, must *produce the equivalent* of what it consumes. In fact, every individual must be self-supporting, must produce the equivalent of what he himself consumes—unless he live by charity or theft.

For example, we must consume enormous quantities of wheat, oats, corn, cotton and potatoes in this country. We must do this—or starve. And in order to get them we must either produce them *directly* for ourselves, or else produce something else and *trade* for them. But it is not correct to say, as all Protectionists do say, that we can get them either by Production *or* Trade. We must produce *in order* to trade. Nor is it correct to say that we can get them either by Industry or by Purchase, that we can either produce or buy. We must produce something *to sell* in order to get the money with which to buy.

No matter how abundantly the other nations of the earth produce the necessities of life, they will not be generous enough to *donate* them to us—except in case of famine. For every dollar's worth they ship to us they demand a dollar's worth of our products *in return*. The moment we stop producing for *them*, they will stop producing for *us*. How irrational, then, these wild alarms. They are infantile—the product of a crude, narrow and undeveloped brain. They are the result of an utter incapacity to comprehend even the most elementary requirements of Trade, BECAUSE TRADE MEANS ALWAYS THE EXCHANGE OF EQUIVALENCES.

In the absence of debt, the Law of Trade is this: EVERY DOLLAR'S WORTH OF IMPORTS REQUIRES A DOLLAR'S WORTH OF EXPORTS. When *debt* exists between two indi-

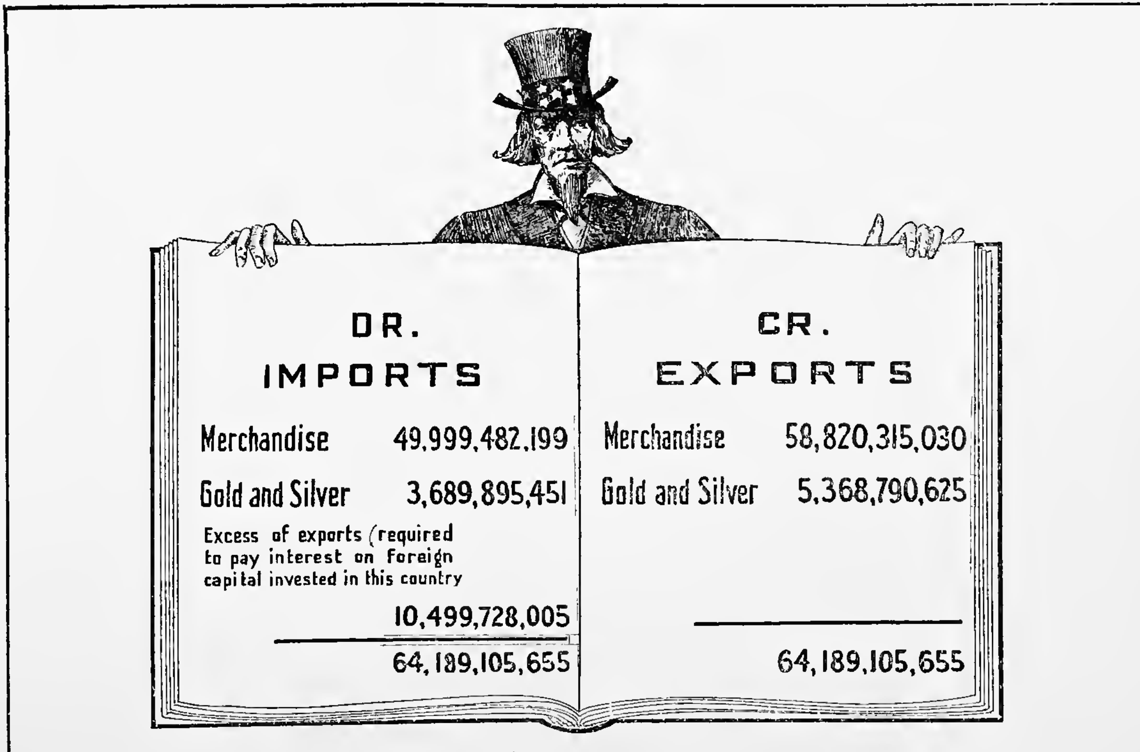
viduals, or between the people of two nations, then we have a wholly different situation. Then the law is this: the debtor will always *export* more than he imports—the creditor will always *import* more than he exports.

To show that this is true beyond all reasonable doubt, let us review the cases cited from our history, and show that no matter how great the volume of importations they had to be met with a volume of exports equally great. In fact, they were met with a volume of exports vastly greater—because UP TO 1916 WE WERE A DEBTOR NATION. For instance, while foreign labor was producing for us $2,276,425,051 worth of goods imported under the Cleveland Tariff, American labor was producing for them goods to the amount of $2,741,138,659. Take the case under the McKinley Tariff. While we were "buying" from foreign nations goods to the amount of $2,348,798,006, they were "buying" from us a still larger bill of goods, amounting to $2,770,083,914.

Under the Dingley Tariff, as shown before, we imported $12,-191,198,006 worth of Foreign Goods. Did this diminish the amount of our domestic production, or throw our labor out of employment? It did not. And it did not for the reason that while we imported only that amount of foreign products, the people of foreign lands imported our products to the amount of $18,270,503,750!

It is true that we *imported* $6,550,445,703 worth of goods under the Payne-Aldrich Tariff. But we *exported* in return goods to the amount of $8,464,511,477. Protectionist speakers all over the country will point to the fact that under what they will call the "free trade" Underwood Tariff, there was dumped into our markets goods to the amount of $22,039,044,693! And these figures will strike terror into the hearts of their hearers! They will probably not couple with this fact the corresponding fact, which is that while foreign labor was filling our orders for goods to this amount, we were filling orders for them aggregating to the colossal sum of $40,999,714,370!

Therefore, all the facts and figures in the case show that the importation of foreign goods—no matter how great the amount—instead of throwing labor out of employment, gives employment to labor. And this for the reason that always, and everywhere, IMPORTS MUST BE MET BY EXPORTS, DOLLAR FOR DOLLAR. And what is true of our country is true of every other country on earth.


DR.
IMPORTS
Merchandise 49,999,482,199
Gold and Silver 3,689,895,451
Excess of exports (required to pay interest on Foreign capital invested in this country
10,499,728,005
64,189,105,655
CR.
EXPORTS
Merchandise 58,820,315,030
Gold and Silver 5,368,790,625
64,189,105,655

CHAPTER XIX.

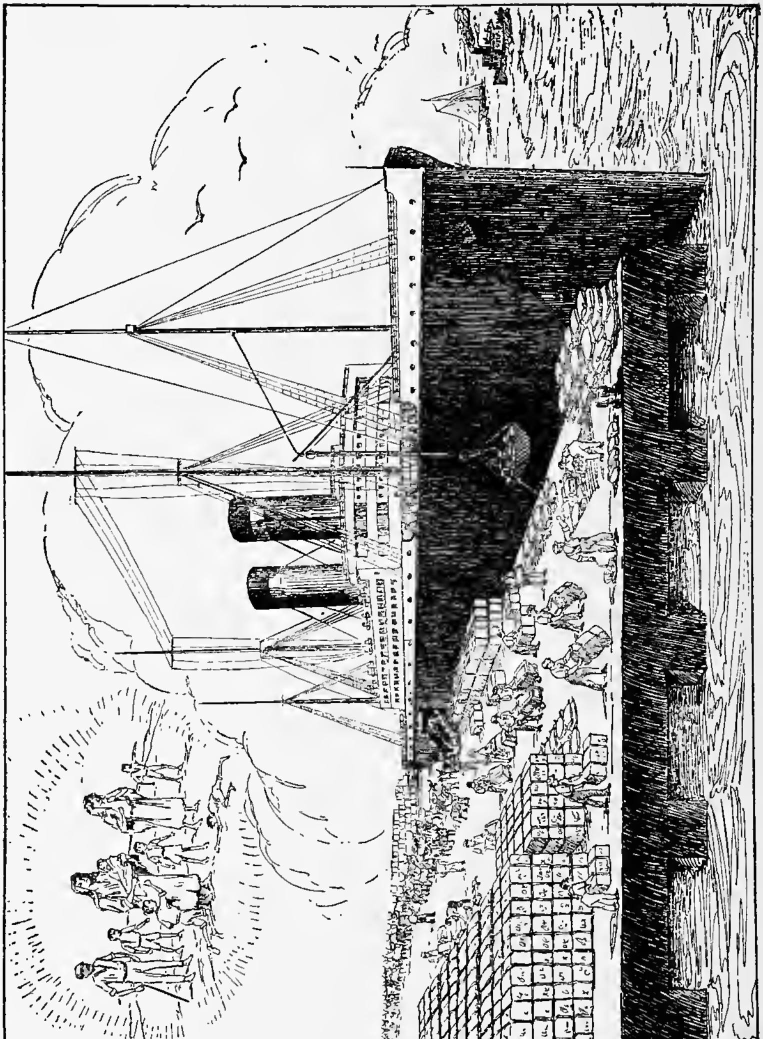
OUR "FAVORABLE" BALANCE OF TRADE

On the opposite page our artist has pictured Uncle Sam confronted with a great problem. In looking over his books our Uncle Sam has discovered that he has been shipping out far more goods than he ever gets any imports for in return. He fears that he has been over-doing it. And so the question in his mind is as to whether it is a gain or a loss to send to foreign countries hundreds of millions of dollars' worth of commodities for which he gets absolutely no commodities in return. That is EXPORTING WITHOUT IMPORTING.

Uncle Sam has been told, just as we have been told, that the more goods you send out and the less goods you get back in return, the better you are off. From McKinley to Fordney and McCumber, he has been told that this excess in the exportation of merchandise is one of the many "blessings" which only a Protective Tariff can give. Furthermore, that the excess in the exports of merchandise over imports is made up BY HUGE IMPORTATIONS OF GOLD!

The Protectionist brain has taken special delight in the fact that we ship out hundreds of millions of dollars' worth *more* than we get back. I presume if we got absolutely no imports in return for our exports, men of the mental type of Fordney, McCumber and their followers, would be happier still. Furthermore, they think it the direct result, the necessary *effect*, of a Protective Tariff. McKinley used to "point with pride"—instead of regret—to the excess of our exports over our imports. Then he would exclaim: "IT WILL ALL COME BACK IN SHINING GOLD."

But this is not true. WE HAVE ACTUALLY EXPORTED MORE GOLD AND SILVER THAN WE EVER GOT BACK. When he turned to the official reports, Uncle Sam discovered that from 1790 to 1915, he had exported merchandise to the amount of $58,820,315,030. Looking on the other side of the ledger, he finds that he got back in return merchandise amounting to $49,999,482,199. That left a balance of $8,820,832,831 which the people of the rest of the world were owing him for the goods he had shipped them.



But when our Uncle Sam turned to see if the excess in the importation of bullion was enough to make good this balance, he got the shock of his life. To his amazement he discovered that he had actually exported more gold and silver than he ever got back.

Looking at the figures closely he found that there had come back in payment for these goods, which were duly and properly delivered and accepted by the people of foreign lands, only $3,689,895,451. On the other hand, when he turned to see how much gold and silver he had *exported,* in addition to the huge volume of products he had sent out, he found that his exports of bullion amounted to $5,368,790,625. This was the astounding thing. He had actually sent out $1,678,695,174 *more of gold and silver* than ever came back; leaving a grand total in the excess of exports over imports of $10,499,728,005, for which absolutely nothing came back—but receipted bills.

Thus did Uncle Sam discover, as we have now discovered, that this excess of exports over imports does *not* "come back in shining gold." In fact, that it DOES NOT COME BACK AT ALL. These vast volumes of exports go, not to get the equivalent imports in return, but to pay Interest, Dividends and Rent. They are really no part of commerce. They bring nothing in return. They are not an *exchange.* They stand more in the light of Tribute. Much of them goes across the ocean to pay the royal families of Europe and other large land holders, FOR OUR PRIVILEGE OF LIVING ON AMERICAN SOIL.

In the cartoon on the opposite page we have a vivid portrayal of absurd idea that a people are *enriched* by exporting. With this goes the delusion that a people are injured and *impoverished* by importing. Here we *see* the necessities of life, the raw materials of food and clothing, being loaded on the great ship to be sent to the people of foreign lands.

But in the background our artist shows us in a sort of "double exposure"—as they say in motion pictures—showing poverty and want gazing at the spectacle of seeing the things they need going to foreign lands. And yet this in itself is supposed to be beneficial. Whereas, Protectionists would have us believe that if that ship were bringing *in* and unloading, instead of carrying away, the things of which millions of our people are in need, it should be regarded as an evil, and even disastrous, if too long continued. The cartoon is a portrayal of Exporting without Importing. And that process, whether applied to an indi-

vidual, a family, or a nation—means impoverishment in the end.

Congressman Fess, of Ohio, now candidate for United States Senator, in the spring of 1914, claimed that the Underwood Tariff had been a loss to the country of a quarter of a billion of dollars. He made up the loss by adding together the goods we did *not* export—that was a total loss—and the goods which we imported. *That* was also a total loss—to us! Can stupidity and economic nonsense go beyond that?

Some one has well said that if a people are impoverished by importing, but are enriched by exporting, then if all the ships that started from all the ports of the world loaded with the necessities of life were to go down in mid-ocean, what a blessing it would be to mankind!

Henry George, one of the greatest thinkers the economic world has produced, said: "Commerce is not always the realization of an *exchange*, but more often THE EXACTION OF A TRIBUTE. When Rome was mistress of the world, Sicily, Spain, Africa, Egypt and Britain exported *to* Italy far more than they imported *from* Italy. But so far as this excess of their exports over their imports indicating their enrichment, it indicated their impoverishment. It meant that the wealth produced in the provinces was being drained to Rome in taxes and tribute and rent, for which *no return* was made.

"The tribute exacted by Germany from France in 1872 caused a large excess of French exports over imports. So the foreign debt which has been fastened upon Egypt requires large amounts of the produce of that country to be sent away for which there is no return in imports. All war indemnities give rise to a movement in trade which manifests itself on the side of the *conquered* in exports alone, and on the side of the *conquerors* in imports—FOLLOWED BY NO RETURN.

"If not true already, it will not be many years before the English aristocracy [and royal family] will draw far larger incomes from their *American* estates than from their *home* estates—incomes to supply which we must export without any return in imports."

The same process of exporting without importing, is going on all about us. The farmer who must pay interest on debt is constantly exporting more than he imports. The tenant is constantly exporting from the land on which he toils more than he imports. But he does not regard this fact as "favorable"—at least to him. So, likewise, the farmers and fruit growers,

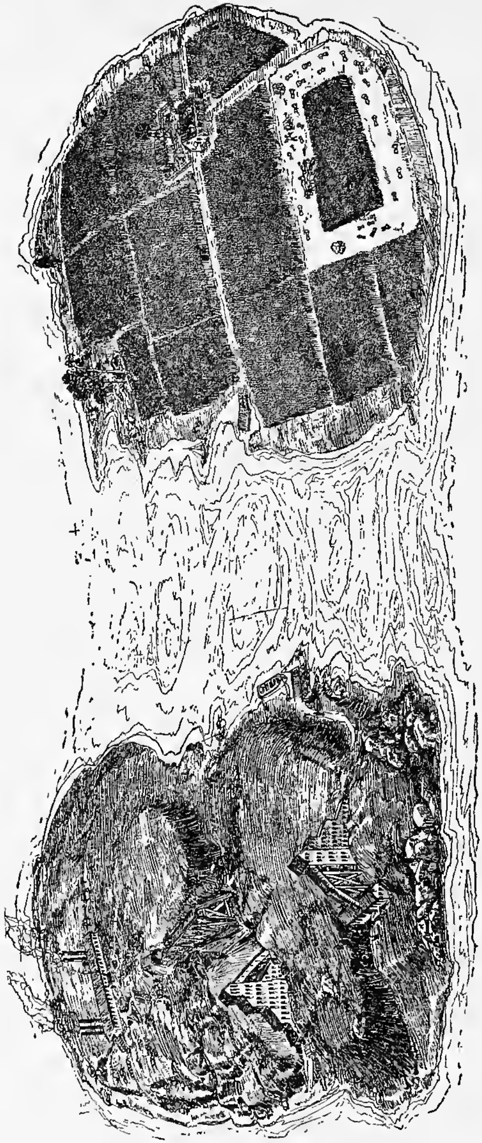
lumbermen and miners, and all other people of the West, are constantly exporting towards the East—where the capitalists who hold their notes and mortgages reside—vastly more than they import *from* the East.

One of the objects of the Fordney-McCumber Tariff, by increasing the price of *manufactured* products more than it can possibly increase the price of farm products, is to still more increase this drain of the wealth of the West towards the East—EXPORTING WITHOUT IMPORTING.

Owing to our tremendous exportations since 1915 our whole situation has been changed. We are now A CREDITOR NATION. From 1915 to 1920, inclusive, our total excess of both merchandise and bullion exported over our imports of merchandise and bullion was $18,104,016,451! THIS IS A FINANCIAL AND INDUSTRIAL ACHIEVEMENT WITHOUT A PARALLEL IN THE HISTORY OF THE WORLD. It changed us from a debtor to a creditor nation. From this point on, if the peoples of Europe pay their debts, OUR IMPORTS WILL EXCEED OUR EXPORTS.

But our exports still exceed our imports. That means that EUROPE IS STILL GOING IN DEBT TO US. In the present industrial condition of Europe, it may be years to come before she can *reverse* her position and pay her debts. But when that time does come, no matter when, instead of exporting more than we import—whether we have Protective Tariffs, Revenue Tariffs, or absolute Free Trade—our imports will exceed our exports.

Thus have we shown that the seeming exception to the rule that imports and exports are equal, is in no wise due, either to High Tariffs or to Low Tariffs, but to the great fact of Debt—the fact of Dividends, Interest and Rent. Amidst it all every dollar's worth of imports called for a dollar's worth of exports—no more, and no less. The rest went to pay debts, AND WOULD HAVE BEEN EXPORTED IF THERE HAD BEEN NO IMPORTS WHATSOEVER.



CHAPTER XX.

My Two Islands

Now that we are nearing the last chapter, let us get all the threads of thought woven into the warp and woof of one decisive and comprehensive Conclusion. And this can be done by answering one specific question: IS TRADE INJURIOUS, OR IS IT BENEFICIAL?

That is, in brief, the whole issue between Protection and Trade. Both cannot be right. One or the other is wrong. Which is it? If Protection be a good thing, then is Trade a bad thing: because Protection exists only for the *prevention* of Trade. Ought Trade to be abolished? It ought, if it be a bad thing. Ought Protection to be abolished? It ought, if Trade be a good thing.

And so we cannot decide upon the merits of a Protective Tariff until we decide upon the merits of this thing which a Protective Tariff is designed to prevent—namely, Trade, Commerce, Exchange. That is the issue, and the only issue. I know it has not been put in this form, but that is the verdict which a profound and final analysis must give.

What is Trade? Why does it exist? What causes it? Centuries and centuries ago, way back in the dim dawn of Civilization, mankind discovered that by trading and exchanging goods with each other, THEY MULTIPLIED THE PRODUCTIVENESS OF THEIR OWN LABOR. They saw that Trade could be made a mighty agency in the *creation* of wealth. NO OTHER ECONOMIC DISCOVERY THE HUMAN MIND HAS EVER MADE CAN POSSIBLY COMPARE TO THE DISCOVERY AND DEVELOPMENT OF TRADE.

And for the reason that all other discoveries—even Civilization itself—depend upon the fact of Trade. Without Trade and Commerce no ship would float the sea, no railroad could exist, inventions would be unknown. They all depend upon Trade, Barter, Exchange—Commerce.

Abolish Trade and mankind would go back to barbarism and might. The larger part of the human race would perish. The present population of the globe would be utterly impossible without Commerce. Why? Because there cannot be differ-

entiation of employments, there cannot be "division of labor," without Trade. Division of Labor always implies and necessitates an exchange either of goods or service. Without Division of Labor, Civilization is impossible. But without Trade there can be no Division of Labor.

Each human being must have Food, Clothing and Shelter. He must have these things—or perish. They can be obtained only by labor. They do not exist free. They must be produced. In a just state of society each human being must either produce them directly for himself, or produce something else and *trade* for them.

To illustrate the Law of Trade our artist has pictured for us two islands located quite near each other. One we will call "Coal Island". The average returns of labor expended in digging coal are a ton a day—six tons a week. The other we will call "Wheat Island", because its soil is favorable to the production of wheat. On the average, it yields a bushel of wheat a day to labor—six bushels a week. But it is unfavorable for the production of coal. While it has mines, yet the veins are so thin that it takes a week's labor to produce a single ton of coal.

But on Coal Island, were they to engage in the growing of wheat, their wages would be just the reverse of those on Wheat Island. Since it would take a week's labor, on the average, to grow a bushel of wheat, the wages for labor would be only one bushel of wheat a week.

Nor is this difference due in any degree to the productiveness of the laborers themselves. IT IS DUE TO THE DIFFERENCE IN THE PRODUCTIVENESS OF LAND IN REFERENCE TO THESE TWO PRODUCTS. The same amount of labor which will produce one bushel of wheat on Coal Island, will produce six bushels on Wheat Island. And the same in reference to coal.

Let us now introduce Trade, Commerce, between the two islands and see the manifold blessings that will come to the people of each island. The people on the Wheat Island must have coal as well as wheat. If, instead of producing coal for themselves, they produced wheat and traded it to their neighbors for coal, THE PRODUCTIVENESS OF THEIR LABOR WOULD BE INCREASED SIX FOLD. In other words, by the mere fact of Trade the normal, natural wages of their labor will be increased 500%—measured in terms of coal. They now have six tons of coal as the result of their labor, instead of one.

How stands the case with the people on Coal Island? They must have wheat as well as coal in order to live. If, instead of producing wheat directly for themselves, they produce coal and *trade* it for wheat, they will have six bushels of wheat instead of one as the result of their labor. And so Trade has also increased their wages 500%—measured in terms of wheat. And these are the results, in principle, which follow from Trade everywhere, in all countries, under all forms of government.

Thus do we see that Trade is in itself A PRODUCER OF WEALTH. This fact mankind discovered centuries ago. Furthermore, we see how Trade makes each country a *composite* of all lands and climes; so that—barring the cost of transportation—the result is the same as if each island produced equally well both wheat and coal.

We see also that Trade does not enable the people to live from the labor of others, but that EACH PRODUCES THE *EQUIVALENT* OF ALL THAT IT CONSUMES. It is the labor of the men in the wheat fields of Wheat Island that produce the coal which they consume. How do they do this? By devoting themselves *exclusively* to the production of wheat—thus producing an excess beyond their own needs—they make it possible for the people on Coal Island to devote themselves exclusively to the production of coal. And the people on Coal Island as certainly produced the wheat on Wheat Island which they consume, as tho they went over there and *sowed the seed and reaped the harvest for themselves.*

Now suppose the owners of the *coal land* on Wheat Island should come before their Congress and say: "Why should we 'buy' our coal? Why not produce it for ourselves? Let us start a new industry, keep this money at home, and give employment to our own labor by *producing* our coal instead of *buying* it. Why give employment to the laborers on Coal Island by having them produce all our coal for us? Why put ourselves at the *mercy* of these 'foreigners'? Give us a Tariff high enough, say 600%, and we will start a new industry on this island." (Gentle reader, is not this a familiar argument?)

And so they build a High Tariff Wall around Wheat Island for the "protection" of Producers of coal. At the end of the year, it is true, the owners of the coal lands on Wheat Island can "point with pride" to a new industry. No question about that. There it stands. The island now *produces* its coal instead of *buying* it. But what is the result? What effect upon the *total wealth* of the island?

This appalling result: Measured in terms of coal, they have only *one-sixth* as much wealth as they would have had by producing wheat and trading for coal. In other words, the natural wages of labor is only *one-sixth* under a protective Tariff of what it was under the former Free Trade. Has labor been given more employment than before? Not at all. It has simply been *diverted,* diverted from the *most* productive channels of employment into the *least* productive channels. And by so doing it has *not* increased the amount of its employment. But it has *diminished its wages* to one-sixth of what they were before!

Apply the same principle to Coal Island and the same result follows. The labor which was formerly engaged in the production of coal is now employed in the production of wheat. True it is they are now producing their wheat instead of buying it—but at a TREMENDOUS ECONOMIC LOSS. The rewards of labor are only a *sixth* of what they were under the former Free Trade. Furthermore, at the end of the year the total wealth of the island is only one-sixth of what it would have been had the people produced coal—*the thing they can produce to the best advantage*—and traded coal for the other necessity of life which the people on Wheat Island can produce to the best advantage.

This simple illustration enables us to see the full working of the *principle* of Trade. And to this law there is no exception. *There can be none.* It is as universal as the law of gravitation. Substitute continents for islands. Substitute hundreds of products for only two products, and the result is still the same.

Here again, we see the great economic truth, the truth that there are two ways by which the people of any country can obtain the necessities of life. One way is to produce them directly for themselves. The other way is to produce *something else* and trade for them. If left free, the people will take whichever course gives them THE GREATEST RESULTS FOR THE LEAST AMOUNT OF LABOR.

The principles governing Trade between the people of different nations are identical with the principles governing trade between the people of the same community. The motive is the same in both, the cause is the same in both. And the results are the same in both. ALL ECONOMISTS ARE AGREED ON THAT POINT.

If *buying* the necessities of life instead of *producing* them direct, throws labor out of employment in the nation, it will throw labor out of employment in each family. If the money

which goes out beyond our borders for goods—a thing which in reality never happened, because trade is the exchange of *goods* for *goods* and not of goods for money—then the money paid out by each family for the necessities of life would be a positive loss.

There was a time back in the Pioneer Days when each household produced practically everything that it consumed. It was a complete economic unit in itself. Each family not only grew its own wool, but carded it, spun it into yarn, wove the yarn into cloth, and then made the cloth into clothing.

With the coming of the Factory System all was changed—revolutionized. Barring garden products and a few other food products, the vast majority of all the families in America today produce absolutely *nothing* in the finished form which they themselves consume! And yet no rational mind would claim for a moment that this has diminished the productiveness of wealth, or the wages of labor. On the contrary, it has greatly increased both—multiplying them many fold. And yet all this industrial progress was made possible only by the fact of Trade—both domestic and foreign.

This broad view of International Trade enables us the better to see how perfectly the Fordney-McCumber idea of things represents what Darwin called "arrested development"—or, better still, "reversion to previous type." The idea which builds High Tariff Walls in the world of today, belongs to that primitive, undeveloped brain so splendidly adjusted to the primitive economic conditions when Trade was unknown, when every "foreigner" was a foe, and when each family, or clan, produced ALL THE THINGS THAT IT CONSUMED.

The illustration of the Two Islands enables us to see, also, that the so-called "cost of production" theory is part and parcel of the Protectionist theory. If the one falls, and fall it must, the other goes down with it.

Now just what is the *limitation* which the cost-of-production theory places on the avarice and rapacity of the "protected" Interests? This theory is that the tariff rate on Foreign Goods shall be *no higher* than is necessary to raise their cost to home Consumers to that price level actually required in order to make a "reasonable profit" on the competing Home Goods.

For example, the cost-of-production theory would say to the owners of wheat lands on Coal Island: "You can have a tariff of 500% on your wheat, but you cannot have a tariff rate of a 1000% or of even 600%. Such rates would be excessive, 'unconscionable'—extortionate." But I submit to you that to

pass such a law as will enable the Producers of wheat on Coal Island to compel the Consumers of wheat to pay even *six times as much* for wheat as they would have to pay in the Open Market—or *any* price above the Open Market Price—is also *extortion.*

Furthermore, if the "difference in the cost of production at home and abroad" could be accurately determined and *equalized* thru Tariff Rates—a physical and mathematical impossibility—what would be its effects on the world? Simply this: It would deprive the whole human race of the enormous and incalculable benefits and blessings of Commerce—AND MAKE THE SUPPORT FO THE PRESENT POPULATIOM OF THE GLOBE IMPOSSIBLE!

In 1846, as the result of 20 years of intense struggle and agitation, led by Richard Cobden and John Bright, England abolished her Corn Laws—tariffs on farm products. It did not establish Free Trade, because the products of Trade were still taxed. But it did abolish the *principle* of Protection. No tariffs were levied on foreign products competing with similar home products. It is to me the most dramatic, heroic and intellectual period in English History.

As the result of the long campaign in the principles of Political Economy and Free Trade which Cobden and his followers had conducted, Lord John Russell, in a letter to his London constituents in 1845, wrote as follows: "I used to be of the opinion that corn was an exception to the general rule of political economy." He had supposed that while there should be Free Trade in everything else, there should be Protection in foodstuffs. He had now changed his mind, for he ended his letter by saying: "Let us, then, put an end to a system which has proved to be the blight of commerce, the bane of agriculture, the source of bitter division among classes, the cause of penury, fever, mortality and crime among the people."

The reader is referred to Ridpath's "Universal History" for a most dramatic account of this mighty event in human history. He is also referred to a Chapter in "The Tariff and the Trusts" by Franklin Pierce: "How England Got Free Trade." I will suggest also a small book recently published in England under the title: "The Hungry Forties." This book is made up entirely of letters and interviews of the "oldest inhabitants" whose memories went back to the direful days in England when she had a Protective Tariff. It was edited by a daughter of Richard Cobden, Mrs. Cobden Unwin. It is the best detailed

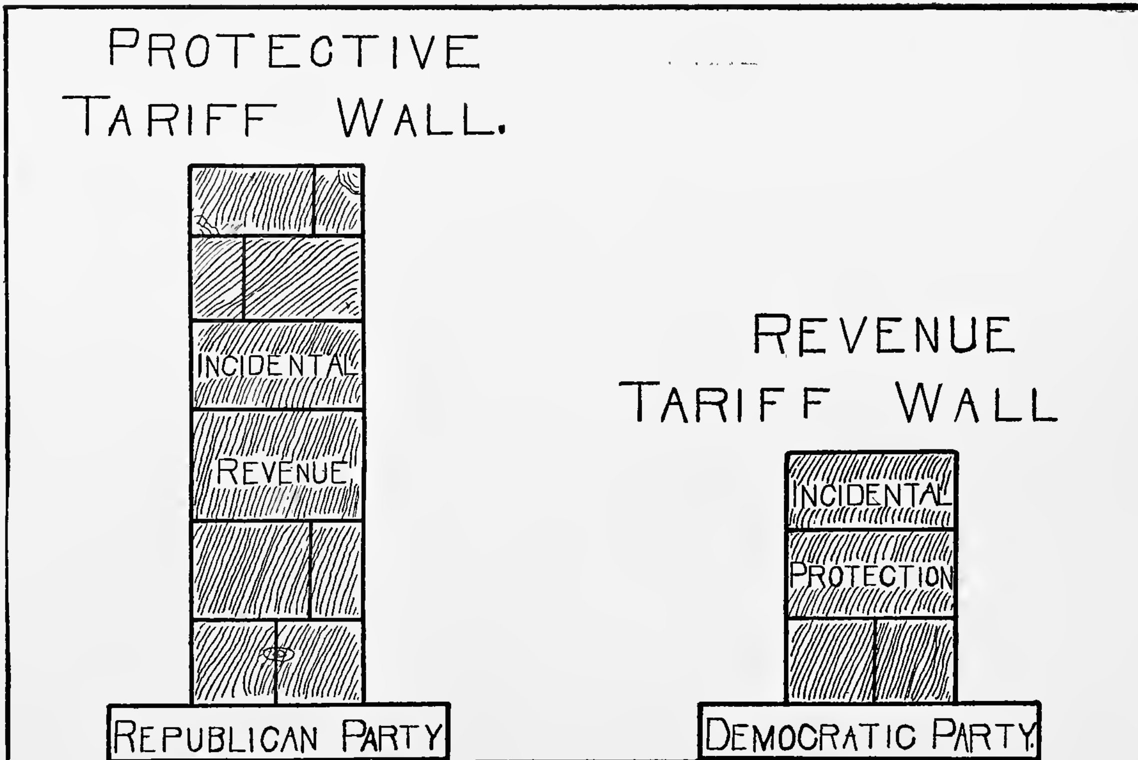
history of the economic condition of the common people of England that has ever been written.

Ridpath thus presents the terrible conditions which existed under a Protective Tariff in England: "Circumstances favored, as they have rarely favored, the cause of the reforming party. That most unanswerable of all arguments, Human Misery, came to the aid of the propaganda. Wretchedness, woe, want, starvation, despair, uttered their voices, and the cry at length reached the profoundest recesses of prejudice and conservatism. It reverberated through the Kingdom. The towns were shaken at first and then the countryside began to heave and swell. It was not, as we have said, the voice of man, but the voice of hunger, of thirst, THE CLAMOR OF WOMEN AND CHILDREN FOR BREAD."

In his great debate on the Tariff with James G. Blaine, in the North American Review—back in the 80's—Gladstone showed that the abolition of Protection in England had increased the wages of the working classes of England 100%. It thus increased their wages by INCREASING THEIR PURCHASING POWER.

Every Protectionist in Congress has had to admit that wages are higher in England than in any other country in Europe, and that they are *lowest* where there is the highest "Protection." In short, there can be no hope for the abolition of Poverty, or the abolition of War, until this country—and all other countries—substitute for the iniquitous Class Legislation of Protective Tariffs, the maxim of Thomas Jefferson: EQUAL RIGHTS FOR ALL—SPECIAL PRIVILEGES TO NONE.

Therefore, whatever obstructs the free working of this universal, world-wide Law of Trade, IS TO THE DETRIMENT OF THE HUMAN RACE. Whoever favors its obstruction, whoever advocates the enactment of a Protective Tariff, is doing all in his power TO INCREASE THE AMOUNT OF LABOR WHICH MANKIND MUST PERFORM IN ORDER TO LIVE. He is not friend but foe. While his ignorance of the fact that this effect will follow, and always has followed, may exempt him from moral condemnation; IT DOES NOT EXEMPT THE HUMAN RACE FROM THE DISASTROUS EFFECTS OF BUILDING TARIFF WALLS.


PROTECTIVE
TARIFF WALL.
INCIDENTAL
REVENUE
REPUBLICAN PARTY
REVENUE
TARIFF WALL
INCIDENTAL
PROTECTION
DEMOCRATIC PARTY.

CHAPTER XXI.

REVENUE TARIFFS VS. PROTECTIVE TARIFFS

There are two distinct classes of Tariff Walls. And this for the reason that there are two distinct theories, or Systems of Thought, relative to the Tariff—the PROTECTIVE THEORY and the REVENUE THEORY.

The Protective Theory has been associated with the Republican Party almost from the beginning of its history, but found its first distinctive expression in the High Tariffs of 1867 and 1870. The doctrine of "Tariff for Revenue only" has been proclaimed and defended by the Democratic Party thruout its long history, dating back to its founder, Thomas Jefferson.

Turning to the illustration, the first thing that strikes our attention is the fact that the PROTECTIVE TARIFF WALL is much *higher* than the REVENUE TARIFF WALL—more than twice as high. This fundamental distinction has set the two parties directly against each other in the framing of every Tariff Bill from 1867 down to the Fordney-McCumber Tariff.

Why is it that one party always wants high tariff rates, the other always wants low tariff rates? This direct conflict between them is due wholly to the attitude of each political party in reference to taxing the general public—*not* for the support of the Government—BUT FOR THE SUPPORT AND ENRICHMENT OF PRIVATE INDIVIDUALS AND CORPORATIONS.

On this vital issue the Republican Party affirms and the Democratic Party denies; declaring that the RIGHT TO TAX begins and ends IN THE NEEDS OF THE GOVERNMENT; and that no party, and no government, has the right to tax the general public FOR THE BENEFIT OF PRIVATE INDIVIDUALS —unless they are recognized as paupers, or are justly entitled to government bounty for military service in defence of the state.

As pointed out in Chapter X, the increased price of Foreign Goods, due to the Tariff, goes into the Public Treasury. This I have called the *Revenue* Branch of the Tariff. The increased price of Home Goods, due to the Tariff on Foreign Goods, goes into Private Pockets. This is the *Protective* Branch of the Tariff. To it the Democratic Party is utterly opposed.

On the other hand, the Republican Party for generations has staked its claims to the suffrage of the American people on the fact that at every opportunity it has made the stream of wealth which the Tariff pours into private pockets just AS LARGE AS IT COULD BE MADE, regarding the production of that stream of wealth as the real object of a Tariff.

With the Revenue Theory, raising revenue for the government is the only legitimate purpose of a Tariff. It regards the increased price of Home Goods resulting as purely "incidental", undesirable, but practically inevitable under this mode of taxation. But it makes this contribution to the enrichment of private individuals *as small as possible* by levying low rates instead of high rates.

With the Protective Theory, on the other hand, raising revenue for the Government is purely "incidental"; while raising revenue for *private pockets* is the real purpose in taxing Foreign Goods. It maintains that the whole prosperity and industrial progress of the nation is due to the employment of this "policy" in the past. It stands for High Tariffs.

Not that the party is opposed to raising government revenue by Indirect Taxation—of which the Tariff is the most iniquitous form. It *favors* this mode of taxation. It was the Democratic Party that took the first step towards taxing the people, not on their necessities, but in proportion to their ABILITY TO PAY. There was embodied in the Underwood Tariff a Graduated Income Tax. Later on, the Wilson Administration supplemented this with a Corporation Tax, an Inheritance Tax, and an Excess Profits Tax. THIS WAS THE GREATEST STEP TOWARDS SOCIAL JUSTICE THAT HAS BEEN MADE IN TAXATION SINCE THE FOUNDING OF THE REPUBLIC!

Great is the contrast between raising Government revenues by a Tariff tax, and raising them by a Graduated Income and Corporation Tax. One is a tax on Want, the other is a tax on Wealth. One is a tax on Necessities, the other is a tax on Possessions. One is a tax on what you must get in order to live, the other is a tax on what you actually have. In short, one is a tax on Expenditures—the other is a tax on Incomes.

The reason for the change was clearly stated by Senator Underwood—then Chairman of the Ways and Means Committee—when he introduced his bill in the House, April 23, 1913. He said:

"The Democratic Party stands for a Tariff for revenus only, with emphasis on the 'only'. *We do not propose to tax one man for the benefit of an-*

other, except for the necessary revenue we must raise to administer this government economically."

"The time has come in this country when the great *untaxed wealth* of America must and shall bear its fair share of the burden of running the government of the United States. We remove the taxes at the custom house on necessaries *purposely* to levy a tax on *wealth.*"

The fact must not be overlooked that the Underwood Tariff, *to the extent of its rates,* was a Protective Tariff. Any Tariff, no matter how low, yields "protection." Senator Underwood himself has steadily maintained that the rates in his Tariff are excessive in reference to cotton and woolen goods. Custom house reports show them going as high as 60% in 1921. Millions were made under them by the American manufacturers of these goods. And yet the Fordney Tariff has more than *doubled* these rates on cotton and woolen goods.

I maintain that the Underwood Tariff was the best tariff measure ever enacted in this country. It was so for three reasons: *First,* because it contained a Graduated Income Tax, later on supplemented by a Corporation Tax, Inheritance Tax, etc. *Second,* because it put practically all *raw materials* on the Free List. *Third,* because the rates on its "dutiable" goods are lower than in any previous Tariff since the Civil War.

There are three ways by which the Underwood Tariff can be improved: (1) Extend and perfect its forms of Direct Taxation. (2) Gradually put on the Free List all products that are continuously sold *in foreign countries.* (3) Lower its excessive rates on cotton and woolen goods.

The tendency of the present Administration has been, and will continue to be, not to raise but to lower the direct taxes on the millionaires and "swollen fortunes" of the country, thus throwing the burden more and more on the toiling millions thru Indirect Taxation—the Tariff, Sales Taxes, Luxury Taxes, etc.

The issue in this country is the issue in every country. Tariff Taxes and other forms of Indirect Taxation have been the means thruout the whole of recorded history for the plunder, impoverishment and oppression of mankind. Thus does there emerge from the Tariff Issue the one great issue of all the ages. That issue is this: (1) to abolish all forms of Indirect Taxation. (2) To stop taxing people for the support and enrichment of Privileged Classes, taxing them only for the support of the Government. (3) And to tax them for it, *not on their necessities,* BUT IN PROPORTION TO THEIR ABILITY TO PAY. Then, and not till then, will we have an honest System of Taxation—A REAL REPUBLIC!

APPENDIX

TOTAL IMPORTS AND EXPORTS OF MERCHANDISE AND BULLION FROM 1790 TO 1921

(Fiscal Years Ending June 30th)

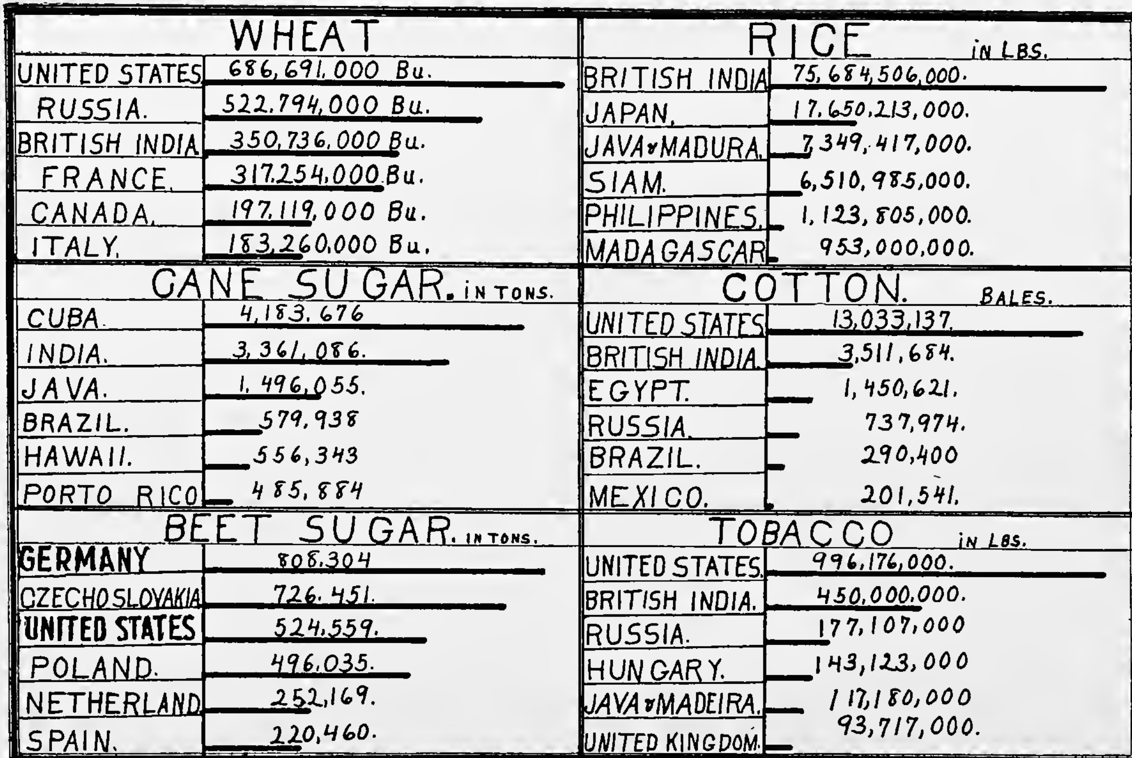
	YEARS	IMPORTS	EXPORTS	Excess of Imports	Excess of Exports
Tariff of 1789	1790	23,000,000	20,205,156	2,794,844	
	1791	29,200,000	19,012,041	10,187,959	
	1792	31,500,000	20,753,098	10,746,902	
	1793	31,100,000	26,109,572	4,990,428	
	1794	34,600,000	33,043,725	1,556,275	
	1795	69,756,268	47,989,872	21,766,396	
	1796	81,436,164	58,574,625	22,861,539	
	1797	75,379,406	51,294,710	24,084,696	
	1798	68,551,700	61,327,411	7,224,289	
	1799	79,069,148	78,665,522	403,626	
	Total	523,592,686	416,975,732	106,616,954	
	1800	91,252,768	70,971,780	20,280,988	
	1801	111,363,911	93,020,513	18,343,398	
	1802	76,333,333	71,957,144	4,376,189	
	1803	64,666,666	55,008,033	9,658,633	
	1804	85,000,000	77,699,074	7,300,926	
	1805	120,600,000	95,566,021	25,033,979	
	1806	129,110,000	101,536,963	27,573,037	
	1807	138,500,000	108,343,150	30,156,850	
	1808	56,990,000	22,430,960	34,559,040	
	1809	59,400,000	52,203,233	7,196,767	
	Total	933,216,678	748,736,871	184,479,807	
	1810	85,400,000	66,757,970	18,642,030	
	1811	53,400,000	61,316,832		7,916,832
	1812	77,030,000	38,527,236	38,502,764	
	1813	22,005,000	27,856,017		5,851,107
	1814	12,965,000	6,927,441	6,037,559	
	1815	113,041,274	52,557,753	60,483,521	
	1816	147,103,000	81,920,062	65,182,938	
Tariff of 1816	1817	99,250,000	87,671,569	11,578,431	
	1818	121,750,000	93,281,133	28,468,867	
	1819	87,125,000	70,142,521	16,982,479	
	Total	819,069,274	586,958,534	245,878,589	13,767,849
	1820	74,454,000	69,691,669	4,762,331	
	1821	62,585,724	65,074,382		2,488,658
	1822	83,241,541	72,160,281	11,081,260	
	1823	77,579,267	74,699,030	2,880,237	
	1824	80,548,142	75,986,657	4,561,485	
	1825	96,340,075	99,535,388		3,195,313
	1826	84,974,477	77,595,322	7,379,155	
	1827	79,484,068	82,324,827		2,840,759
	1828	88,509,824	72,264,686	16,245,138	
	1829	74,492,527	72,358,671	2,133,856	
	Total	802,209,645	761,690,913	49,043,462	8,524,730

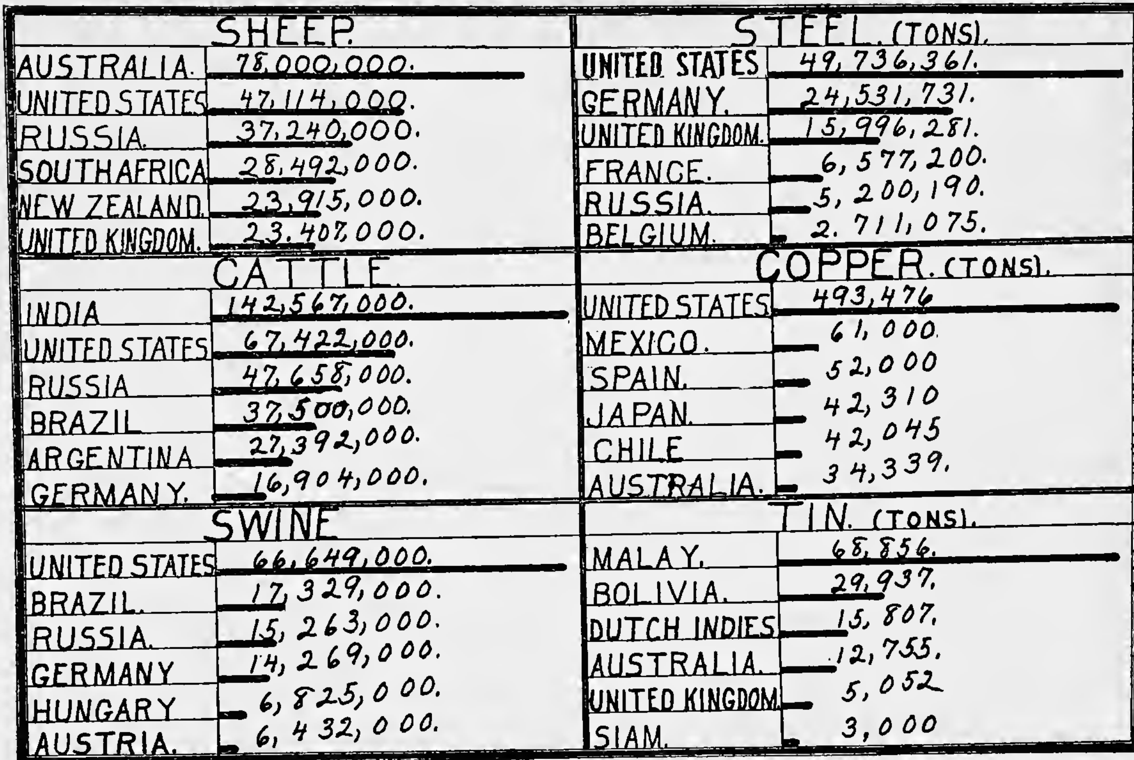
	YEARS	IMPORTS	EXPORTS	Excess of Imports	Excess of Exports
"Tariff of Abominations," 1828	1830	70,876,920	73,849,508		2,972,588
	1831	103,191,124	81,310,583	21,880,541	
	1832	101,029,266	87,176,943	13,852,323	
	1833	108,118,311	90,140,433	17,977,878	
	1834	126,521,332	104,336,973	22,184 359	
	1835	149,895,742	121,693,577	28,202,165	
	1836	189,980,035	128,663,040	61,316,995	
	1837	140,989,217	117,419,376	23,560,841	
	1838	113,717,404	108,426,616	5,290,788	
	1839	162,092,132	121,028,416	41,063,716	
	Total	1,266,411,483	1,034,045,465	235,338,606	2,972,588
	1840	107,141,519	132,085,946		24,944,427
	1841	127,946,177	121,851,803	6,094,374	
	1842	100,162,087	104,691,534		4,529,447
	1843	64,753 799	84,346,480		19,592,681
	1844	108,435,035	111,200,046		2,765,011
	1845	117,254,564	114,646,606	2,607,958	
	1846	121,691,797	113,488,516	8,203,281	
Walker Revenue Tariff, 1846	1847	146,545,638	158,648,622		12,102,984
	1848	154,998,928	154,032,131	966,797	
	1849	147,857,439	145,755,820	2,101,619	
	Total	1,196,786,983	1,240,747.504	19,974,029	63,934,550
	1850	178,138,218	151,898,720	26,239,498	
	1851	216,224,932	218,388,011		2,163,079
	1852	212,954,442	209,658,366	3,296,076	
	1853	267,978,647	230,976,157	37,002,490	
	1854	304,562,381	278,325,268	26,237,113	
	1855	261,468,520	275,156,846		13,688,326
	1856	314,639,942	326,964,908		12,324,966
	1857	360,890,141	362,960,682		2,070,541
	1858	282,613,150	324,644,421		42,031,271
	1859	338,768,130	356,789,462		18,021,332
	Total	2,738,238,503	2,735,762,841	92,775,177	90,299,515
War Tariff	1860	362,166,254	400,122,296		37,956,042
	1861	335,650,153	249,344,913	86,305,340	
	1862	205,771,729	227,558,141		21,786,412
	1863	252,919,920	268,121,058		15,201,138
	1864	329,562,895	264 234,529	65,328,366	
	1865	248,555,652	233,672,529	14,883,123	
	1866	445,512,158	434,903,593	10,608,565	
	1867	417,831,571	355,374,513	62,457,058	
	1868	371,624,808	375,733,001		4,108,193
	1869	437,314,255	343,256,077	94,058,178	
	Total	3,406,909,395	3,152,320,650	333,640,530	79,051,785

	YEARS	IMPORTS	EXPORTS	Excess of Imports	Excess of Exports
Tariff of 1867. First Protective Tariff Since 1828	1870	462,377,587	450,927,434	11,450,153	
	1871	541,493,708	541,262,166	231,542	
	1872	640,338,766	524,055,120	116,283,646	
	1873	663,617,147	607,088,496	56,528,651	
	1874	595,861,248	652,913,445		57,052,197
	1875	553,906,153	605,574,853		51,668,700
	1876	476,677,871	596,890,973		120,213,102
	1877	492,097,540	658,637,455		166,539,917
	1878	466,872,846	728,605,891		261,733,045
	1879	466,073,775	735,436,882		269,363,107
	Total	5,359,316,641	6,101,392,717	184,493,992	926,570,068
	1880	760,989,056	852,781,577		91,792,521
	1881	753,240,125	921,784,193		168,544,068
	1882	767,111,964	799,959,736		32,847,772
	1883	751,670,305	855,659,735		103,989,430
Higher Tariff, 1883	1884	705,123,955	807,646,992		102,523 037
	1885	620,769,652	784,421,280		163,651,628
	1886	674,029,792	751,988,240		77,958,448
	1887	752,490,560	752,180,902	309,658	
	1888	783,295,100	742,368,690	40,926,410	
	1889	774,094,725	839,042,908		64,948,183
	Total	7,342,815,234	8,107,834,253	41,236,068	806,255,087
	1890	823,286,735	909,977,104		86,690,369
1890	1891	881,175,643	993,434,452		112,258,809
	1892	897,057,002	1,113,284,034		216,227,032
	1893	910,768,555	997,083,357		86,314,802
	1894	740,730,293	1,019,569,898		278,839,605
1894	1895	788,565,904	921,301,932		132,736,028
	1896	842,026,925	1,055,558,555		213,531,630
	1897	880,278,419	1,153,301,774		273,023,355
Dingley Tariff of 1897	1898	767,369,109	1,301,993,960		534,624,851
	1899	816,778,148	1,320,864,443		504,086,295
	Total	8,348,036,733	10,786,369,509		2,438,332,776
	1900	929,770,670	1,499,462,116		569,691,446
	1901	925,609,873	1,605,235,348		679,625,475
	1902	983,574,456	1,480,020,741		496,446,285
	1903	1,094,864,755	1,511,482,533		416,617,778
	1904	1,117,911,553	1,591,759,959		473,848,406
	1905	1,198,646,897	1,660,004,502		461,357,605
	1906	1,367,226,716	1,848,307,154		481,080,438
	1907	1,591,878,298	1,988,989,327		397,111,029
	1908	1,387,337,210	1,991,127,472		603,790,262
	1909	1,399,879,023	1,810,225,714		410,346,691
	Total	11,996,699,451	16,986,614,866		4,989,915,415

	YEARS	IMPORTS	EXPORTS	Excess of Imports	Excess of Exports
Payne, '09	1910	1,645,504,529	1,918,834,796		273,230,267
	1911	1,646,770,367	2,136,579,810		489,809,443
	1912	1,749,251,653	2,326,541,422		577,289,769
	1913	1,923,470,775	2,615,261,082		691,790,307
Underwood, 1913	1914	1,990,790,920	2,531,582,700		540,791,780
	1915	1,878,848,818	2,965,755,675		1,086,906,857
	1916	2,731,047,186	4,483,523,956		1,752,476,770
	1917	3,671,534,774	6,660,249,580		2,988,714,806
	1918	3,140,407,039	6,249,744,994		3,109,337,955
	1918	1,533,363,204	3,353,497,069		1,820,133,865
	1919	4,070,308,996	8,527,632,289		4,457,323,293
	1920	5,783,609,804	8,663,723,739		2,880,113,935
	Total	31,764,908,065	52,432,927,112		20,668,019,047
	1921	2,509,147,570	4,485,031,356		1,975,883,786
	Total	34,274,055,635	56,917,958,468		23,643,902,833

Congressman Fess, of Ohio—in 1914—is reported to have said: "Any industrial history of the United States shows that our export trade *began* with the Crimean war, back in the fifties." No greater distortion of the facts of history is possible. It was to refute the volumes of such Protectionist falsehoods that, with much patient research, I have given the reader the above table. It is a liberal education in itself as to our Foreign Trade, carried thru 131 years of history. The successive Tariffs are also given. Study the two together. Make your own deductions as to what extent, and how, Tariff Walls affect our Foreign Trade.


WHEAT
UNITED STATES 686,691,000 Bu.
RUSSIA. 522,794,000 Bu.
BRITISH INDIA 350,736,000 Bu.
FRANCE. 317,254,000 Bu.
CANADA. 197,119,000 Bu.
ITALY. 183,260,000 Bu.
RICE IN LBS.
BRITISH INDIA 75,684,506,000.
JAPAN. 17,650,213,000.
JAVA & MADURA. 7,349,417,000.
SIAM. 6,510,985,000.
PHILIPPINES. 1,123,805,000.
MADAGASCAR 953,000,000.
CANE SUGAR. IN TONS.
CUBA. 4,183,676
INDIA. 3,361,086.
JAVA. 1,496,055.
BRAZIL. 579,938
HAWAII. 556,343
PORTO RICO 485,884
COTTON. BALES.
UNITED STATES 13,033,137.
BRITISH INDIA. 3,511,684.
EGYPT. 1,450,621.
RUSSIA. 737,974.
BRAZIL. 290,400
MEXICO. 201,541.
BEET SUGAR. IN TONS.
GERMANY 808,304
CZECHOSLOVAKIA 726,451.
UNITED STATES 524,559.
POLAND. 496,035.
NETHERLAND 252,169.
SPAIN. 220,460.
TOBACCO IN LBS.
UNITED STATES. 996,176,000.
BRITISH INDIA. 450,000,000.
RUSSIA. 177,107,000
HUNGARY. 143,123,000
JAVA & MADEIRA. 117,180,000
UNITED KINGDOM. 93,717,000.


SHEEP.
AUSTRALIA. 78,000,000.
UNITED STATES 47,114,000.
RUSSIA. 37,240,000.
SOUTHAFRICA 28,492,000.
NEW ZEALAND. 23,915,000.
UNITED KINGDOM. 23,407,000.
CATTLE.
INDIA 142,567,000.
UNITED STATES 67,422,000.
RUSSIA 47,658,000.
BRAZIL 37,500,000.
ARGENTINA 27,392,000.
GERMANY. 16,904,000.
SWINE
UNITED STATES 66,649,000.
BRAZIL. 17,329,000.
RUSSIA. 15,263,000.
GERMANY 14,269,000.
HUNGARY 6,825,000.
AUSTRIA. 6,432,000.
STEEL. (TONS).
UNITED STATES 49,736,361.
GERMANY. 24,531,731.
UNITED KINGDOM. 15,996,281.
FRANCE. 6,577,200.
RUSSIA. 5,200,190.
BELGIUM. 2.711,075.
COPPER. (TONS).
UNITED STATES 493,476
MEXICO. 61,000.
SPAIN. 52,000
JAPAN. 42,310
CHILE 42,045
AUSTRALIA. 34,339.
TIN. (TONS).
MALAY. 68,856.
BOLIVIA. 29,937.
DUTCH INDIES 15,807.
AUSTRALIA. 12,755.
UNITED KINGDOM 5,052
SIAM. 3,000

ARTICLE	CONSUMPTION	PRODUCTION	EXCESS OF PROD. OVER CONSUMPTION	EXCESS OF CONS. OVER PRODUCTION	EXPORTS	IMPORTS	EXCESS OF EXPORTS OVER IMPORTS	EXCESS OF IMPORTS OVER EXPORTS
CORN.	2,852,063,984	2,858,509,000.	6,445,016.		16,728,746.	10,283,730.	6,445,016.	
WHEAT (Bu.)	719,744,151.	934,265,000	214,520,849.		219,864,549.	5,343,700.	214,520,849.	
PIG IRON. (T)	30,949,123.	31,065,364	66,241.		248,126.	181,885.	66,241.	
FLAXSEED (B)	31,003,954	7,661,000.		23,342,954	24,044	23,366,998		23,342,952
STEEL RAILS	1,673,412	2,203,843	530,431		553,860	23,429	530,431.	
WOOL. (Lbs.)	715,821,028	308,507,000		407,314,028	20,264,010.	427,578,038		407,314,028.
COKE (T)	40,643,829.	39,994,234.	649,595		678,870	29,275	649,595	
SUGAR (Lbs)	9,733,449,525	1,694,900,400		8,038,549,125	1,450,793,630	9,489,342,755		8,038,549,125
COAL (T)	461,056,912	487,638,572	26,581,660		27,693,787	1,112,127	26,581,660	
TIN PLATE	2,120,875,030	2,578,011,487	457,136,457		457,981,042	844,585	457,136,457.	

A STUDY IN WORLD COMMERCE

The two preceding charts are designed to give the reader a general vision of the World's production of twelve leading commodities.

These charts will give you stronger and clearer convictions of the absolute necessity for International Trade than you ever had before. No one can have a true idea of Trade who does not include in his mental picture the whole of the 1,702,000,000 of the earth's inhabitants, realizing that each one of them must have food, clothing and shelter—and must have them daily.

When taking this broad view of Trade we recognize the fact that the *Exchange* of wealth is as necessary as the *Production* of wealth. Without Trade, no advance is possible beyond that crude, primitive condition in which each human being—like the lower orders of animals—must provide for himself all of life's necessities.

Civilized life requires that *hundreds of products* shall enter into the daily use and consumption of each human being. No human being produces scarcely even *one* of them for himself in its entirety. How, then, can he get all the rest of them. Only by producing something *in excess* of his own needs—and trading his *surplus* for the rest.

What is true of the individual is true of nations. Countries in which the Production of any given product exceeds its Consumption, must export their *excess* to the scores of countries in which its Consumption exceeds its Production. That alone is the law, and THE UNIVERSAL PROCESS of Civilized life.

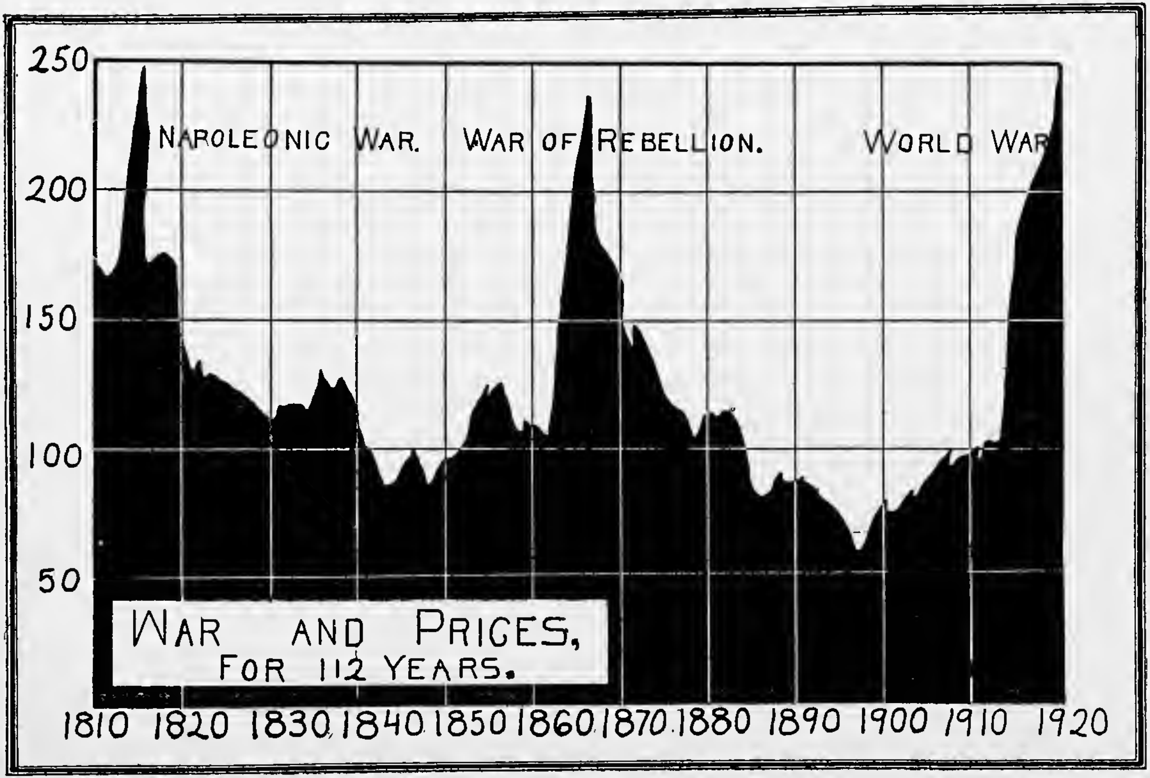
The first two tables give a comparative view of the *sources of supply* for 12 leading commodities, together with the six countries producing them most abundantly.

In reference to any one of the products listed, it is probable that all of the six countries under it Produce more of it than they Consume. Hence the necessity for Exporting. But if you go on down the line of the countries producing it, you will soon reach those that produce *less* of it than they Consume. Add to these the scores of other countries not producing it at all; and yet, which must consume it in order to live. Now how can they get these commodities of which they Consume more than they Produce, except by Importing? But how could they import if there were no such thing as International Trade? THUS DO WE SEE THAT COMMERCE IS AS ESSENTIAL TO THE LIFE OF OUR EARTH'S INHABITANTS AS THE AIR THEY BREATHE.

This brings us to the table on the opposite page. It shows us that Commerce is in itself a perfect system of International Bookkeeping. The equity of it is so exact that it balances all accounts with perfect precision. Excess of Production over Consumption, as in the case of Corn, is balanced by an Excess of Exports over Imports.

On the other hand, the excess of Consumption over Production—as shown in the case of Flax Seed, Wool and Sugar—must be made up by an Excess of *Imports* over Exports. And since we must import them—or go without —WHY SHOULD WE INCREASE THEIR COST TO OURSELVES BY A TARIFF WALL?

So broad and fundamental is the truth here expressed, that the table can be applied to each household—and to each individual. Here is an outline so universal in its scope, that it can be applied to every product in reference to each nation, and in reference to each of the hundreds of millions of humanity!


NAROLEONIC WAR.
WAR OF REBELLION.
WORLD WAR
250
200
150
100
50
WAR AND PRICES,
FOR 112 YEARS.
1810 1820 1830 1840 1850 1860 1870 1880 1890 1900 1910 1920

EFFECTS OF WAR ON PRICES

On the opposite page is a graphic portrayal of the rise and fall of prices, due to War. It pictures to the eye and the imagination the Story of World Prices for a period of 112 years. This remarkable diagram was given in the "Literary Digest" several months ago.

The Napoleonic Wars really began with Napoleon's Italian Campaign in 1796, terminating with the battle of Waterloo, June 18, 1815. The average prices in all the markets of the world reached their highest peak by the end of the following year. Then, as shown in the diagram, the International Market Price dropped fully 100% in the next two or three years. Prices continued to decline thruout the earth between 1820 and 1830, rose slightly before 1840, and again made a rapid decline between 1840 and 1850. They rose again between 1850 and 1860.

Then came the lamentable war between the North and the South, which ended April 9, 1865. Prices reached their highest point in the world's market about 1867. In this country the general Price Level was continued to about 1870, or '72. They dropped nearly 150% in the World's Market by 1880. The international Price Level continued steadily to decline down to 1897. In this country scores of products did not reach their lowest point until 1900, but the lowest average for all products was reached about 1897.

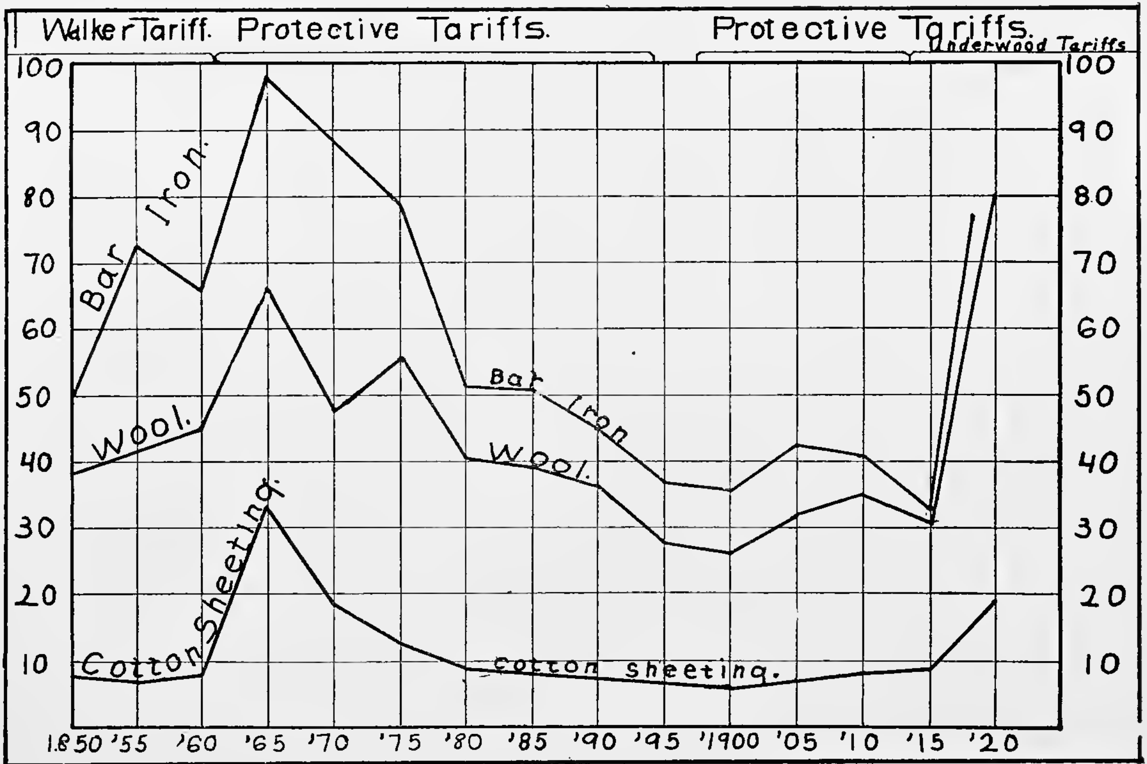
Then, both for this country and the world, prices steadily rose up to the opening of the World War. From that date to 1920, the International Price Level rose fully 150%, according to the diagram, reaching a higher peak than during the Civil War, and to as high a level as was attained at the close of the Napoleonic Wars. This gives us a World Vision, projected thru 112 years of history, of the law of Supply and Demand.

Thus, over and beyond the reach of the narrow provincial minds, which cannot see beyond the borders of their own little state or province—and which think that by building Tariff Walls they can keep the prices of their own products out of the mighty stream of price currents which sweeps round the whole earth—rises the supreme law of the economic world, the law of Supply and Demand.

Each human being is a part of this universal Demand, and furnishes some portion of its universal Supplies, if a Wealth Producer. It is not local, but general. It is in operation everywhere. While there are as many markets—as many Demands for the necessities of life—as there are human beings, yet this great Economic Law sees all mankind, not as many, but as One.

All the millions of nature's children are but *units* in that great Social Organism which spreads itself across national boundaries, reaching from pole to pole, round the whole earth—binding all mankind into one supreme Demand for the necessities of life. Then it calls upon every land and clime, every race and nation, to furnish the material products which can feed the hungers and satisfy the needs of this grand total of wants of all humanity.

And the Social Organism distributes its supplies among the teeming millions of its units just as perfectly as does the Physical Organism—each in accordance to its Needs. The Price of any product is always highest where its Needs are greatest. It is the relation of the *quantity* of the Supply to the *quantity* of the Demand of each human being, that makes up that vast and complex thing, called the World's Market Price. "Who knows what earth needs from earth's lowliest creatures?" Only the law of Supply and Demand can tell us.



Walker Tariff.
Protective Tariffs.
Protective Tariffs.
Underwood Tariffs
Bar Iron.
Wool.
Cotton Sheeting.
Bar Iron
Wool.
cotton sheeting.
100
90
80
70
60
50
40
30
20
10
1850 '55 '60 '65 '70 '75 '80 '85 '90 '95 '1900 '05 '10 '15 '20

PRICE HISTORY FROM 1850 TO 1920

In the diagram on the opposite page is presented to the eye of the reader the History of Prices in our own country, from 1850 to 1920, taken from the U. S. Statistical Abstract. I have given the average price for the five years, ending with the close of the five year period. The price of Bar Iron is the number of dollars a ton, the price of Wool is by the pound, and the price of Cotton Sheeting is by the yard.

The important thing in the diagram is its showing of the general *trend* of prices. What is true of these three products is true of the Price Level of all domestic products for the 70 years charted, and also of the World Price Level, as shown in the previous chart. Tariffs or no Tariffs, they run parallel with the World Price Level—THEY ALL GO UP OR DOWN TOGETHER.

If you have been reading, or hearing, Protectionists' speeches of late, you would say that the period from 1850 to 1860 must have been under High Protective Tariffs. And that the period from 1865 to 1900 must have been under those Democratic "free trade" Tariffs.

But the facts are almost wholly the other way. By looking at the top of the diagram you will see that the period from 1850 to 1860, was under the Walker Revenue Tariff of 1846, with average rates of only 25%. In 1857 these rates were reduced to about 18%. We entered the war on that basis. In fact, the only nominally "free trade" period in our whole history was from 1861 to about 1867. During this period, when tariffs were laid on Foreign Goods, they were also laid on similar Home Goods—and they were laid on Home Goods first! That is, external revenues were balanced with internal revenues.

Abraham Lincoln was elected President in 1860. From that date to 1913, is a period of 53 years. Of those 53 years, only *three* of them were under a Democratic Tariff. I refer to the Cleveland Tariff, from 1894 to 1897—and which was so much of a "protectionist" measure that he refused to sign it! The whole of the remaining 50 years—quite a long stretch—were lived under Republican Tariffs. AND YET PRICES WENT DOWN.*

Beginning with 1867, they were all High Protective Tariffs. The Tariff of 1883 increased the rates in the Tariffs of 1867 and 1870. The McKinley Tariff of 1890 made them still higher. The rates in the Dingley Tariff of 1897 were outrageous, tho slightly lower than those of the McKinley Tariff; while the Payne-Aldrich Tariff of 1909 increased the rates in the Dingley outrage. There you have our Tariff History and our Price History side by side.

Take the case of wool. In 1867 it was given the highest rate in our history. And yet the price of wool went down. It declined rapidly till 1870. It averaged about eight cents a pound higher for the next five years. Was there an increase in the Tariff Rate? On the contrary, there was a 10% *reduction* of this rate, and of all rates, in 1872. The Tariff of 1883 restored the rates of 1867. And yet the price of wool continued steadily to go down—on thru the period covered by the McKinley High Tariff.

The Cleveland Tariff put wool on the Free List. But the decline in its price was nothing as compared to its decline under the previous 27 years of High Protection. This chart ought to remove from the brain of the reader the last trace of the whole "obsession" of Protection.

* No theory of Prices can be sound which does not also consider the volume of the world's Money in its relation to the volume of the world's exchanges, and of the wealth *in exchange*

TARIFF RATES FROM CUSTOM HOUSE REPORTS 1890 – 1920

A STUDY IN TARIFF RATES FROM CUSTOM HOUSE REPORTS

The average rates collected at the Custom House do not correspond WITH THE AVERAGE RATES IN ANY TARIFF BILL. THEY ARE ALWAYS LOWER. This is due to the fact that the highes trates in all Protective Tariffs tend to be prohibitive. They must be prohibitive, in order to be "protective."

In the diagram on the opposite page we have graphically presented the average duties collected each year, under each tariff, from 1890 to 1920. At the top of the page is given the name of each successive tariff. The space covered by each is indicated by a heavy black line.

The reader naturally looks at once for those Democratic, "free trade" Tariffs he has been hearing about all his life. They have always been given in the *plural*, as if there was quite a bunch of them. Over and over again we have been told; "Whenever we have Democratic Tariffs we always have panics." He knows that panics, strikes, labor wars, "hard times" and industrial depressions have constituted a good part of our past history. And so expects to see numerous "free trade" Tariffs.

But he looks in vain. THE TARIFF LINE IS UNBROKEN. Where are they? In what years were they passed? They do not exist. They never did exist. All this talk about them, which fills up so large a part of the Congressional Record, is simply the expression of ignorance and duplicity—the vaporings and deceptions of the demagog. The whole record is before you. There is in it *one* Democratic Tariff, and only one. Extend the period back from 1913 to 1860, and you still have but the one Democratic Tariff—from 1894 to 1897. Thus were 50 years out of the 53 covered by Republican Tariffs—up to the Underwood Tariff of 1913.

While there was but one Democratic Tariff in all that time, there was no "free trade" Tariff. In fact the phrase, a Free Trade Tariff, is such a contradiction of words as only a Protectionist would make. There can be no such thing as Free Trade, so long as there are such stupid and barbarous things as Tariffs. And for the reason that there can be no such thing as Free Trade as long as the *products* of Trade are taxed!

The blessings of Free Trade can come only when the extortions, plunder and oppression of all Tariff Walls have been swept from the earth. And this is possible only when all government revenues are raised by some fair and equitable system of Direct Taxation. There was a time when nearly the whole of our Government's revenues were raised by Tariffs. In 1921, only one dollar in every 14 was so raised!

In every Tariff Bill there are two classes of goods: dutiable and free—those which must pay a Tariff Tax, and those which are allowed by Congress to enter free. In the diagram opposite, the top line represents the average rates on dutiable goods. It is perhaps the more important of the two. The lower line represents the combined rates on both free *and* dutiable. The lower line must be read *ten points* below that shown on the chart.

Beginning with 1899, the whole trend is downward, even under High Tariffs, being only 16% in 1920. The combined rate that year was only 6%.

The proportions of Foreign Goods coming in "free" under the various tariffs are as follows: McKinley, 53.4%; Cleveland, 49.5%; Dingley, 45.2%; Payne-Aldrich, 52.4%; Underwood, 67.2%.—

These are the general facts as to Tariff Rates as shown by Custom House Reports. The reader must study the chart and make any further comparisons and deductions for himself.

25 LEADING ARTICLES EXPORTED, 23 OF WHICH ARE ALSO IMPORTED

	Exported	Imported
Cotton Raw	$1,136,408,916	$ 138,743,702
Cotton Manufactured	402,041,277	137,431,814
Iron and Steel	1,112,835,237	50,305,603
Breadstuffs	1,079,107,701	125,345,323
Oils	609,671,471	181,815,871
Meat and Dairy Products	544,074,060	64,374,457
Vehicles	382,207,667	2,901,465
Coal and Coke	359,805,006	7,394,686
Tobacco	288,693,799	98,562,015
Leather	190,318,659	36,333,838
Woods	186,502,152	209,031,235
Chemicals, Drugs, etc.	168,999,706	211,628,099
Copper	133,508,675	90,018,689
Electrical Machinery, Appliances, etc.	101,990,004	(none)
Sugar (Refined)	94,877,045	1,015,188,479
Paper	89,072 289	84,686,652
India Rubber	85,436,897	250,334,174
Fruits and Nuts	84,390,424	116,221,857
Explosives	56,845,689	1,377,176
Wool Raw	4,936,740	126,972,088
Wool Manufactured	44,571,002	58,115,537
Agricultural Implements	46,277,638	5,716,573
Fertilizers	36,555,812	51,153,989
Naval Stores (Tar, Pitch and Turpentine)	34,503,389	(none)
Furs and Fur Skins	32 886,995	93,558.940
Vegetables	32,784,416	50,420,326
Paraffine	32,619,318	820,885

FORDNEY TARIFF AT WORK

The following table taken from the New York American, Oct, 8. 1922, shows how prices have started upward, under the Chemical Schedule, in less than three weeks after the signing of the bill. The same thing is taking place under other schedules.

(PER HUNDRED POUNDS UNLESS OTHERWISE STATED)

	Before	After
Barium Chloride (per ton)	$85.00	$100.00
Carbonate of Potash	5.00	6.00
Caustic Potash	5.60	6.50
Acetic Acid (28%)	26.70	32.20
Alcohol, wood (per gallon)	.62	.72
Glycerine	17.50	18.00
White Lead	7.75	8.00
Formaldehyde	9.00	10.50
Acetone	14.00	17.00
Bleach	1.75	2.00
Citric Acid	45.00	50.00
Cocaine hydrochloride (per ounce)	6.25	7.25
Menthol (per pound)	6.00	6.25
Camphor	83.00	86.00

WOOL PRICES FROM 1880 TO 1921

(in cents per pound)

1880	55	1890	.37	1901	.29	1912	.32
1881	.49	1891	.37	1902	.26	1913	.36
1882	.46	1892	.35	1903	.31	1914	.30
1883	.42	1893	.33	1904	.32	1915	.36
1884	.40	1894	.24	1905	.35	1916	.45
1885	.33	1895	.20	1906	.38	1917	.57
1886	.36	1896	.21	1907	.39	1918	.90
1887	.38	1897	.21	1908	.38	1919	.92
1888	.35	1898	.30	1909	.38	1920	1.12
1889	.38	1899	.29	1910	.40	1921	54
		1900	.36	1911	.34		

PAYNE-ALDRICH, UNDERWOOD AND FORDNEY TARIFFS

In order to get a comparative view of the tariff rates in the last three Tariffs, I shall present the contrasts and reductions made by the Underwood Tariff to the rates in the Payne-Aldrich Tariff, as stated by Senator Underwood on the day he introduced his bill in the House—April 23,1913—and which comparisons were undenied thruout the debate. Mr. Underwood said:

"Now, I would like the gentlemen on that side of the House (the Republican side,) who have maintained this *indefensible system* of taxing the poor for five decades, to listen to the other side of the story. On common soap you placed a tax of 20%. We have lowered the tax to 5%.

"You taxed the furniture of the poor man's house 35%. We have lowered it to 15%.

"You taxed bread and biscuit 20%. We place them on the Free List.

"On cotton clothing you taxed the people of this country 50%. We have reduced it to 30%.

"On the flannels that protect them against the cold winter storms you taxed the people of the United States over 93%. We have reduced the tax to 25% and 35%.

"The tax on women's and children's dress goods under your system of levying a tax for the benefit of the *manufacturer*, was about 100%. We have lowered that to 35%.

"You taxed the shoes of the people of the United States, after giving the shoemaker free raw material—and stating at the time you gave it that he did not need the protection—you gave him 10% and we give free shoes to the people of America.

"On the entire chemical schedule the tax was 25.91%. Our taxes levied on that schedule was 19.64%, or a reduction in the chemical schedule of 24% below the Payne law.

"On earths, earthenware and glass ware, you levied a tax of about 51%. We levy a tax of 33%, a reduction below the Payne Bill of 35%.

"On metals and manufactures of metals, you levied a tax of 34%. We levy a tax of 20%, a reduction below the Payne Bill of 41%.

"On wood and the manufactures of wood, you levied a tax of 12% and we levy a tax of 3½%, a reduction of 71%. We place most of it on the free list, in order that American workmen may have lumber with which to build their own homes.

"You have levied a tax on sugar of 48%. We have reduced that tax to 35% for the next three years, or a reduction of 25%; and at the end of the three years we intend, if this bill becomes a law, TO PLACE IT ON THE FREE LIST. So that the one commodity above all others that most directly reflects the taxes levied at the custom house no longer goes on the table of the consumer bearing the marks of 50 YEARS OF OPPRESSIVE TAXATION that our friends on that side of the House have taught the American consuming public to realize when they open their home door.

"As to tobacco and the manufactures thereof, we consider them as luxuries, or in the nature of luxuries, and good revenue producers, and so made no vital changes in the schedule.

"On agricultural products and provisions we have reduced the tax from 29% to 17%, a reduction of 42%.

"On spirits, wines, and other beverages we have left the taxes as they are in the present law.

"On cotton manufactures you taxed the public about 46%. We reduced the average tax to 30%, making a reduction of 33% below the Payne Bill.

"On flax, hemp and jute and their manufactures we have reduced the tax from 45% to 26%, a reduction of 42% below the Payne Bill. (Flax, hemp and tow were afterwards put on the Free List.)

"On wool and manufactures of wool, you taxed the public nearly 56%. We tax them 18½%, a reduction in favor of the American people of 67% below the Payne Bill.

"On silk goods the tax was about 52%. We tax it 44%, or a reduction of 15%.

"On paper and books you taxed them 21%. We tax them 12%, or a reduction of 45%."

The following quotation, from the Literary Digest—Sept. 2, 1922—shows the increase in rates made by the Fordney-McCumber Tariff over the rates in the Underwood Tariff:

"The new tariff bill, the New York Evening Post (Ind.) has said, 'makes the free breakfast table a mockery,' and in this paper Mr. William O. Scroggs, the economist, recently recounted 'the short and simple but somewhat intimate annals of a morning hour in the life of a plain middle-class American consumer,' to 'see how the tariff penetrates into the inner temple of his existence.' To quote from this story as amended by Mr. Scroggs to fit the final form of the Senate Bill:

" 'His day begins when he is aroused by an alarm clock, and the new tariff bill raises the duty on this article 67 per cent. His first act is to throw off the bed-covering, on which the duty has been increased 60 per cent. He jumps from his bed, on which the duty is advanced 133%, and dons a summer bathrobe, with the duty up 60 per cent., and slippers, with the duty increased 33 per cent.

'He walks over a Brussels carpet (duty up 100 per cent.) to close the window, the duty on the pane of which has been raised 33 per cent., and adjusts the shade (duty up 20 per cent.) and curtains (up 50 per cent.). Then he enters the bathroom, stands before a mirror, on which the duty has been raised 100 per cent., sets out his shaving-stick, subject to an increase in duty of 67 per cent., his shaving-brush (duty up 30 per cent.), and razor (up 100 per cent.), and begins his tonsorial operations. This over, he devotes his attention to the bathtub, on which the duty has been raised 100 per cent. Towels (with the duty up 60 per cent.), soap (up 67 per cent.), tooth-brush and hair-brush (up 30 per cent. each), and comb (up 67 per cent.) are next in demand.

'As our comsumer dresses, it may be noted that the new bill increases the duty 60 per cent. on his underwear, 33 per cent. on his hose, 15 per cent. on his shirt and collar, 20 per cent. or more on his necktie, and 60 per cent. on his suit of clothes.

'Our consumer decides to discard his waistcoat and transfers fountain-pen (up 100 per cent.), penknife (up 200 per cent.), and lead pencil (up 80 per cent.) from waistcoat to coat-pockets, picks a fresh linen handkerchief (up

30 per cent.) from the dresser (up 133 per cent.), polishes his eyeglasses (up 15 per cent.), and after giving his clothes a touch with a brush (up 57 per cent.), is ready for breakfast.

'At the breakfast-table our consumer spreads a napkin (duty up 15 per cent.) on his knees, and turns on the current for his electric toaster, on which the duty has been advanced 160 per cent. He drinks water from a glass, on which the duty is 45 per cent. higher, and begins his breakfast with an apple (duty up 200 per cent.) baked with sugar (duty up 84 per cent.) in an aluminum dish (up 150 per cent.) on a cast-iron stove (duty up 100 per cent.)

'The duty is also advanced 27 per cent. on his chinaware, 20 per cent. on his table silverware, 200 per cent. on his oatmeal, and 225 per cent. on his butter. The cream for his coffee has been removed from the free list and subjected to a duty of 22½ cents a gallon, and his eggs also have been taken from the free list and made dutiable at 8 cents per dozen. The salt for his eggs likewise comes off the free list, and so does his bacon and the flour that goes into his bread. Even the duty on the salt-shaker gets a boost of 45 per cent.

'The only things on his table that have not been subjected to a higher tariff duty are his coffee and his drinking-water.' "

THE SCRAMBLE BEGINS FOR STILL HIGHER RATES

The Fordney-McCumber Tariff did not settle tariff rates. It just unsettled them. No one can tell what the tariff rates will be on a single article—except dyes—three months ahead. This for the reason that the Fordney Tariff gave to the President the unparalleled power to raise or lower the rates on any product 50%. It did more. It gave him the power also to change the *present* basis of Foreign Valuation, to American Valuation. In making this shift alone—without adding additional tariff—he can often change rates fully 50%, and in some cases, 100%.

As showing the workings of this unprecedented, and probably unconstitutional, procedure, I will give clippings from an article I find in the New York World, just as the book is going to the printer's:

TARIFF GLUTTONS HUNGER FOR MORE

(*Special to the N. Y. World*)

WASHINGTON, Oct. 12.—Seekers of still further tariff bounties already are pressing the United States Tariff Commission to take advantage of new provisions of the Fordney-McCumber act whereby the President is allowed to jack up rates by 50 per cent., if he deems it necessary, in order to "equalize production costs here and abroad."

Upward of fifty notices have been entered with the commission so far by beneficiaries of the new tariff who want additional concessions that will shut foreign goods out of the American market and thereby permit of higher prices for domestic articles. Many verbal communications also have come in. The commission interprets this early stream of applications to mean an ensuing floodtide that not only will swamp the commission with work but necessitate at least a doubling of its expenses.

Woolen, cotton, steel, chemical and other manufacturers are among these first applicants for bigger benefits at once, not being satisfied with the already *unprecedentedly high tariff rates.*

The new law specifies that the Commission must hold hearings on these applications and then determine the actual difference between the cost of production here and abroad. According to veteran experts of the commission, this is impossible, to begin with, since production costs not only are fluctuating rapidly because of present unsettled economic conditions, but foreign manufacturers both resent and forbid such prying into their secrets.

Although the commission is, in theory, an impartial judicial body, its members are not blind to the tremendous *political power* which the Fordney-McCumber bill confers on the President; and since the clamor for readjustment by Presidential proclamation already has started, reinforced by political pressure, expectations are that the commission will find itself FORCED INTO APPROVING CONSTANT INCREASES, OR ELSE HAVING ITS RECOMMENDATIONS OVERRULED."